NOTICE

The Urban Community Development Commission (UCDC) was established by Ordinance August 15, 1975 to function as the governing body of the Community Redevelopment Agency. Its purpose is to aid in planning and implementing projects in the City of Compton. Pursuant to Section 54957.5 of the California Government Code, Any writings (Except for those writings which are exempt from disclosure) which are distributed to all or a majority of the members of the City Council are available for public inspection in the lobby of the City Council Chambers and in the office of the City Clerk during regular business hours.

URBAN COMMUNITY DEVELOPMENT COMMISSION
AGENDA
Tuesday, April 20, 2010
6:50 PM

WORKSHOP(S)

HEARING(S)

7:20 P.M. - JOINT PUBLIC HEARING - AUTHORIZING THE SALE, ISSUANCE AND DELIVERY BY COMMUNITY REDEVELOPMENT AGENCY OF THE CITY, TAX ALLOCATION BONDS FOR THE COMPTON REDEVELOPMENT AREA AND MAKING CERTAIN FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445 **(Item #4)**

OPENING

ROLL CALL

PUBLIC COMMENTS ON AGENDA AND NON-AGENDA ITEMS

APPROVAL OF MINUTES

1. April 6, 2010

UNFINISHED BUSINESS

NEW BUSINESS

2. A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON PROVIDING GUIDELINES FOR ONGOING ADMINISTRATIVE, ACCOUNTING, MONITORING, AND REPORTING REQUIREMENTS OF THE AGENCY, AND ESTABLISHING AND APPOINTING AN ADMINISTRATIVE COMMITTEE IN CONNECTION WITH SUCH ACTIVITIES

3. A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON MAKING A FINDING OF FISCAL RESPONSIBILITY, APPROVING A PLAN FOR FULL REPAYMENT OF DEFERRED TAX SHARING AMOUNTS UNDER A 1992 AGREEMENT OF COOPERATION WITH THE COUNTY OF LOS ANGELES, AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

4. A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON AUTHORIZING THE SALE, ISSUANCE AND DELIVERY BY THE AGENCY OF TAX ALLOCATION BONDS, AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH SUCH BONDS, MAKING FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445 WITH RESPECT THERETO, AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

COMMISSION COMMENTS

ADJOURNMENT

APRIL 6, 2010

The Urban Community Development Commission meeting was opened at 7:03 p.m. in the Council Chambers of City Hall by Chairperson Pro-Tem Yvonne Arceneaux. The Moment of Silence and Pledge of Allegiance were both led by Chairperson Pro-Tem Yvonne Arceneaux.

ROLL CALL

Commissioners Present: **Calhoun, Dobson, Jones, Arceneaux**
Commissioners Absent: **Perrodin**

Other Officials Present: **C. Cornwell, A. Godwin, C. Evans**

PUBLIC COMMENTS ON AGENDA AND NON-AGENDA ITEMS

Benjamin Holifield, Compton resident, expressed a concern for the availability of public parking at City Hall. Mr. Holifield went on to state that there are some resources available to this Body that were not available to the previous Commission, further questioning this Body's will and capacity to address the concerns of the citizens.

William Kemp, Compton resident, requested a cost analysis, in regards to the bus trips to Citrus Heights for law enforcement research. Mr. Kemp went on to suggest that those funds would be better served, if they were allocated towards the efforts of the Sheriff's Department to solve crimes related to cold cases and homicides. Mr. Kemp charged that the voices of the citizens were not being heard and implied that they have no representation.

Lorraine Cervantes, Compton resident, maintained that she has been a community activist expressing her personal opinions and beliefs for over 40 years. Ms. Cervantes clarified that her personal opinions are not an attack on anyone, but merely her beliefs voiced through her freedom of speech. Ms. Cervantes acknowledged the redevelopment project signs posted in other cities and asked that this Body consider investing in those signs, as well.

Gwen Patrick, Compton resident, spoke in regards to a meeting held last week concerning the future development of the Compton Creek. Ms. Patrick went on to question if this Commission had considered allocating funds towards the organization of an "Earth Day Celebration." Ms. Patrick also asked that this Commission announce any plans that they may have, in relation to the vacant buildings located throughout the Northern Downtown Plaza.

Joyce Kelly, Compton resident, questioned the decision of this Body to conduct a special Commission meeting last Thursday. Ms. Kelly made mention of the proposed resolutions and warrants posted under the City Council agenda, further questioning if the Agency would repay the City the 4.5 million dollars they were loaned to satisfy the Residential Rehabilitation and First Time Homebuyer's programs.

Lynn Boone, Compton resident, made reference to the Agency's Mitigated Negative Declaration study and its relation to tax allocation bond funding. Ms. Boone cited that after contacting the Governor's Office of Planning and Research, she resolved that the study was not related to the use of tax allocation bonds. Ms. Boone maintained that many of the projects had already been completed or funded by other sources and subsequently questioned the Agency's need to utilize tax allocation bonds.

APPROVAL OF MINUTES

1. March 9, 2010, March 16, 2010 and March 25, 2010

On motion by Dobson, seconded by Jones, the minutes were approved, by the following vote on roll call:

AYES: Commissioners - Calhoun, Dobson, Jones, Arceneaux
NOES: Commissioners - None
ABSENT:Commissioners - Perrodin

UNFINISHED BUSINESS - There was no Unfinished Business.

NEW BUSINESS - There was no New Business.

COMMISSION COMMENTS

Commissioner Calhoun contended the allegations that this Body does not attend NAJEA Crime Committee meetings. Ms. Calhoun asserted that she attends NAJEA meetings, citing them as insightful platforms for the citizens to address their concerns. Ms. Calhoun further commented on the guest speakers and the conduct of the audience members at those meetings.

Commissioner Calhoun went on to request that the Executive Secretary address the speaker's comments regarding property assessments and an "Earth Day Celebration."

Charles Evans, Executive Secretary, explained that the Agency assesses and purchases all property designated for development in the City of Compton to ensure that the market value and the property itself meets certain standards.

Chairperson Pro-Tem Arceneaux confirmed that the City would be hosting an "Earth Day Celebration" this month, in addition to hiring approximately 40 youth from the community to work in the Compton Creek.

Commissioner Calhoun asked that the Executive Secretary address the vacant buildings located within the Northern Downtown Plaza. Mr. Evans explained that it is the responsibility of the building owners to attract business owners to their sites.

Commissioner Calhoun asked if the City had the ability to instruct the Sheriff's Department in their efforts at crime solving. Mr. Evans explained that the City has no authority to direct the Sheriff's Department in any of their law enforcement efforts.

Commissioner Calhoun ascertained that she participates in countless community meetings and events as humanly possible, regardless of the political season.

Chairperson Pro-Tem Arceneaux asked that the Executive Secretary clarify why the special meeting was held last Thursday. Mr. Evans explained that the regularly scheduled meeting was cancelled due to a lack of a quorum. Consequently, there was an item on the agenda that pertained to a California Environmental Quality Act document that required immediate approval. Therefore, a special meeting was scheduled to ensure that there were no delays in the project development.

Chairperson Pro-Tem Arceneaux mentioned that there were fourteen projects approved for the tax allocation funding, noting that the special meeting was amply notified to the community.

Chairperson Pro-Tem Arceneaux asked that the Director of the Agency explain why the parks were sold back to the City.

Kofi Sefa-Boakye, Director of the Agency, explained that there were certain parcels purchased in 1989 to build homes on park property, however after a number of years, it was determined that it would not be legally appropriate for the Agency to acquire those parks and utilize them to compliment housing needs, given the City's need for parks and open-space. Mr. Sefa-Boakye stated that it was determined by the Bond Council and the City Attorney's Office that those parks should be conveyed back to the City to provide recreational facilities to its citizens. Mr. Sefa-Boakye went on to mention that it is a requirement of the State of California's Housing of Urban Development and other agencies that the City allocate adequate open space and parks for recreational use.

Chairperson Pro-Tem Arceneaux inquired about the purchase of project management signs to keep the citizens abreast of any/all existing renovations and upcoming projects.

Mr. Evans confirmed that approximately fifty signs were ordered to be posted throughout the City, notifying the residents of any park renovations and upcoming redevelopment and public works' projects.

#1.

ADJOURNMENT

On motion by Dobson, seconded by Jones, the meeting was adjourned at 7:52 p.m., by the following vote on roll call:

AYES: Commissioners - Calhoun, Dobson, Jones, Arceneaux
NOES: Commissioners - None
ABSENT: Commissioners - Perrodin

Clerk of the Urban Community Development Commission

Chairman of the Urban Community Development Commission

#2.

April 20, 2010

TO: CHAIRMAN AND COMMISSIONERS

FROM: EXECUTIVE SECRETARY

SUBJECT: A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON PROVIDING GUIDELINES FOR ONGOING ADMINISTRATIVE, ACCOUNTING, MONITORING, AND REPORTING REQUIREMENTS OF THE AGENCY, AND ESTABLISHING AND APPOINTING AN ADMINISTRATIVE COMMITTEE IN CONNECTION WITH SUCH ACTIVITIES

SUMMARY

Staff is representing for Commission approval a resolution providing guidelines for ongoing administrative, accounting, monitoring, and reporting requirements of the Agency, and establishing and appointing an Administrative Committee to provide oversight as to such requirements and to provide quarterly reports as to the status of all compliance related activities and updates on any projects funded by the proposed 2010 Tax Allocation Bond proceeds.

BACKGROUND

In March 2010 the firm of Macias, Gini & O'Connell LLP, Certified Public Accountants & Management Consultants ("Independent Auditor"), audited the Agency's financial report for the year ending June 30, 2009 ("Audit Report"). The Independent Auditor's Report on Internal Control Over Financing Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, identifies items considered by the auditors as "internal control" irregularities of financial reporting operations and the Auditor's findings and recommendations as to such internal control irregularities.

STATEMENT OF THE ISSUE

In order to pro-actively address the Auditor's comments and to strengthen Agency financial reporting operations the Agency is proposing to create the Administrative Committee to assist with compliance requirements and develop definitive guidelines for ongoing administrative, accounting, monitoring, and reporting requirements.

The Administrative Committee will provide quarterly reports as to the status of the Agency's compliance with all Statutory requirements, updates on all projects funded by bond proceeds, and to develop further policies and procedures for consideration and adoption by the Commission , as necessary for the timely, accurate, and complete compliance with accounting, monitoring, and reporting requirements. The committee would review all compliance related Agency functions, and make recommendations for policy changes.

#2.

The members of the Committee will consist of the following four officials: (i) Redevelopment Director, (ii) Deputy Redevelopment Director, (iii) Executive Secretary, and (iv) City Controller or his or her designee. The Committee will meet on at least a quarterly basis to provide oversight over audit-related matters, including financial statements and reporting requirements and the Agency's system of internal controls over financial reporting. The Committee shall develop additional policies and procedures as necessary, for adoption by the Commission. Also, to the extent that any proceeds of Agency bonds are unexpended, the Committee will also provide quarterly reports as to the status of projects funded by bond proceeds.

As required by Community Redevelopment Law, the specific audit comments that the Agency would like to address are the following:

1. *Finding 09-02 (Lack of Basis for Salary Allocation), and related Finding 08-27 (Lack of Justification of Planning and Administrative Expenses), related to an allocation of administrative expenses to the affordable housing fund:* The use of Agency funds for maintenance related costs and activities associated with public parks, properties and administrative activities according to the auditor was not an eligible use of Agency funds, and as such insufficient justification was provided for those expenditures. The Agency has identified those types of expenditures and cured this finding.

2. *Finding 08-28 (No physical Development for Acquired Property) and related Finding 09-24, related to aforementioned parks:* In 1999, the City purchased four (4) parks "BURRELL-MCDONALD PARK, TRAGNIEW PARK, SOUTH PARK, AND RAYMOND STREET PARK" with the use of Redevelopment funds, for which redevelopment funds are not an eligible use of City parks. However, on March 2, 2010, the City Council resolved and cleared this finding by the approval of a resolution authorizing the rescission of this transaction and authorizing the return of the City's parks back from the Community Redevelopment Agency.

3. *Finding 08-25 and Finding 09-23 (Non-Compliance in Reporting), related to the late required filings:* The Agency is required to submit an annual report of its financial statements to the State; in conjunction with the Agency's Single Audit. However, the Agency's Single Audit was delayed in being submitted to the Agency by the independent auditor's, as a result, the Agency was forced to file its annual report after the due date. In the future, as recommended, if the Audit is delayed, the Agency will file an unaudited financial statement followed by the Audit when finalized.

The three items specifically itemized above, if unaddressed, could raise concerns under Section 33080.8 of the Health and Safety Code as being major audit violations. Under the Community Redevelopment Law, certain audit items such as these, if not cured, could result in referrals by the State Controller to the State Attorney General to file an action to compel compliance with the related requirements through the courts. The staff, as noted above, believes that these issues have been cured.

RECOMMENDATION

Staff is respectfully that the Commission, approve the attached Resolution to affirmatively strengthen overall administrative, accounting, monitoring, and reporting operations of the Agency.

DR. KOFI SEFA-BOAKYE
DIRECTOR OF REDEVELOPMENT

CHARLES EVANS
EXECUTIVE SECRETARY

#2.

RESOLUTION NO. ______

A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON PROVIDING GUIDELINES FOR ONGOING ADMINISTRATIVE, ACCOUNTING, MONITORING, AND REPORTING REQUIREMENTS OF THE AGENCY, AND ESTABLISHING AND APPOINTING AN ADMINISTRATIVE COMMITTEE IN CONNECTION WITH SUCH ACTIVITIES

WHEREAS, the Urban Community Development Commission (the "Commission") is a public body, corporate and politic, duly created and authorized to transact business and exercise its powers pursuant to Part 1.7 of Division 24 (commencing with Section 34100) of the Health and Safety Code of the State of California (the "Health and Safety Code") and the powers of such Commission include the power to operate, govern and exercise all of the power, authority, functions and jurisdiction of the Community Redevelopment Agency of the City of Compton, California (the "Agency"); and

WHEREAS, the Commission exercises as a governing body the powers of the Agency, a public body, corporate and politic, duly created and authorized to transact business and exercise its powers, under and pursuant to the Community Redevelopment Law set forth in Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code (the "Law"); and

WHEREAS, a redevelopment plan (the "Redevelopment Plan") for a redevelopment project area of the Agency known and designated as the "Compton Redevelopment Project Area" (the "Project Area") has been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with; and

WHEREAS, it is the intent of the Legislature that the Agency's Low and Moderate Income Housing Fund (the "Housing Fund") shall be used to the maximum extent possible to defray the costs of production, improvement, and preservation of low and moderate income housing and that the amount of money spent for planning and general administrative activities associated with the development, improvement, and preservation of that housing not be disproportionate to the amount actually spent for the costs of production, improvement, or preservation of that housing. To that end, the Law requires the Agency to determine annually that the planning and administrative expenses are necessary for the production, improvement, or preservation of low and moderate income housing; and

WHEREAS, the Law imposes certain other ongoing administrative, accounting, monitoring, and reporting requirements on the Agency, and the Agency desires to timely, accurately, and completely comply with such requirements. To that end, the Agency desires to adopt, document, and implement policies and procedures to ensure timely, accurate, and complete compliance with these requirements, including the foregoing requirement with respect to the Housing Fund, with such policies and procedures to ensure the establishment of adequate internal controls and sufficient documentation of all transactions and significant events; and

WHEREAS, in connection with ensuring compliance with administrative, accounting, monitoring, and reporting requirements, the Agency desires to appoint a committee that will meet at least quarterly to advise the Agency with respect to the adoption and documentation of policies and procedures and the ongoing implementation of such policies and procedures;

NOW, THEREFORE, THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. Recitals. The foregoing recitals, and each of them, are true and correct.

Section 2. Annual Report/Financial Audit.

A. Pursuant to Section 33080.1 of the Law, the Agency shall submit the final report of any audit undertaken by any other local, state, or federal government entity to the City Council within 30 days of receipt of that audit report.

B. The Agency shall annually cause the preparation of the report required by Section 33080.1 of the Law (the "Annual Report"), to be filed with various entities within six (6) months of the end of the Agency's fiscal year (e.g., each December 31) as set forth in paragraphs C through F of this Section 2. The Annual Report shall contain all of the information set forth in Section 33080.1 of the Law, including the following:

i. An independent financial audit report for the previous fiscal year, conducted by a certified public account or public accountant, licensed by the State of California, in accordance with the Government Auditing Standards adopted by the Comptroller General of the United States ("Financial Audit").

If such Financial Audit is not made available to the Agency by the certified public account or public accountant at the time the filings set forth in paragraphs C through F of this Section 2 are required to be made, the Agency shall submit the Annual Report with the inclusion of unaudited financial statements in lieu of the Financial Audit, with a note to indicate that the Financial Audit will be forwarded as soon as complete and that the information or data submitted prior to completion of the Financial Audit could change when the Financial Audit is completed and submitted.

ii. A fiscal statement for the previous fiscal year that contains the information required by Section 33080.5 of the Law including:

a. The amount of outstanding indebtedness of the Agency and the Project Area.

b. The amount of tax increment generated in the Project Area.

c. The amount of tax increment revenues paid to, or spent on behalf of, a taxing agency, other than a school or community college district, pursuant to Section 33401(b) or Section 33676 of the Law.

d. The financial transaction report required pursuant to Government Code Section 53891.

e. The amount allocated to school or community college districts pursuant to Sections 33401, 33445, 33445.5, 33676(a)(2), and 33681 of the Law.

f. The amount of existing indebtedness and the total amount of payments required to be paid on existing indebtedness for that fiscal year (with respect to deferral of ERAF payments on account of existing obligations).

iii. A description of the Agency's activities in the previous fiscal year affecting housing and displacement that contains the information required by Sections 33080.4 and 33080.7 of the Law.

iv. A description of the Agency's progress, including specific actions and expenditures in alleviating blight in the previous fiscal year.

v. A list of, and status report on, all loans made by the Agency that are $50,000 or more, that in the previous fiscal year were in default or not in compliance with the terms of the loan approved by the Agency.

#2.

vi. A description of the total number and nature of the properties that the Agency owns and those properties the Agency has acquired in the previous fiscal year.

vii. A list of fiscal years the Agency expects certain Redevelopment Plan limits to expire.

C. Pursuant to Section 33080.1 of the Law, the Agency shall file the Annual Report with the City Council within six (6) months of the end of the Agency's fiscal year (e.g., each December 31). When the Agency presents the Annual Report to the City Council, the Agency shall inform the City Council of any major violations of the Law based on the Financial Audit. The Agency shall inform the City Council that the failure to correct a major audit violation may result in the filing of an action by the Attorney General pursuant to Section 33080.8 of the Law.

D. Pursuant to Section 33080(a) of the Law, the Agency shall file a copy of the Annual Report with the State Controller within six (6) months of the end of the Agency's fiscal year (e.g., each December 31).

E. Pursuant to Section 33080(a) of the Law, the Agency shall file the Financial Audit with the Department of Housing and Community Development within six (6) months of the end of the Agency's fiscal year (e.g., each December 31).

F. Pursuant to Section 33080(b) of the Law, the Agency shall provide a copy of the Annual Report upon the written request of any person or any taxing agency. If the report does not include detailed information regarding administrative costs, professional services, or other expenditures, the person or taxing entity may request such information, provided the person or taxing entity reimburses the Agency for the actual and reasonable costs of providing such information.

G. The Agency confirms that as of the date of this Resolution, it has made all of the filings required by this Section 2 with respect to Fiscal Year 2008-09.

Section 3. Annual Budget. The Agency shall adopt an annual budget (the "Budget") containing all of the information required by Section 33606. The Agency may amend the Budget from time to time. All expenditures and indebtedness of the Agency shall be in conformity with the adopted or amended Budget. The Agency shall submit each annual Budget or amendment to the Budget to the City Council for its approval.

Section 4. Housing Fund. The funds that are required by Section 33334.2 or 33334.6 of the Law to be used for the purposes of increasing, improving, and preserving the City's supply of low and moderate income housing, shall be held in the Housing Fund until used. In or about September of each year, the Agency shall determine annually that the amount of Housing Fund moneys spent on planning and administrative expenses are necessary for the production, improvement, or preservation of low and moderate income housing. The Agency shall utilize project-based accounting and other reasonable measures to provide additional documentation as to such necessary allocation to the Housing Fund of monies for planning and administrative expenses of the Agency.

Based on a retrospective review of project allocation and staff time conducted by Agency staff, the Agency hereby finds and determines that the amount of Housing Fund moneys spent in fiscal year 2008-09 on planning and administrative expenses, including personnel costs, are necessary for the production, improvement, or preservation of low and moderate income housing.

Section 5. Holding Property Acquired with Housing Fund Moneys. Pursuant to Section 33334.16 of the Law, for each interest in real property acquired with Housing Fund moneys, the Agency shall, within five (5) years from the date of acquisition of the property for the development of affordable housing, initiate activities consistent with the development of the property for that purpose. If the Agency has not initiated activities within this time, the Agency shall either sell the property and deposit the sale proceeds (less the cost of the sale) in the Housing Fund, or request the City Council, by resolution, to extend this time for one additional period not to exceed five (5) years. In the event that physical development of the property for affordable housing has not begun by the end of the extended period, or if the Agency does not comply with this requirement, the Agency shall sell the property and deposit the sale proceeds (less the cost of the sale) in the Housing Fund.

Section 6. Monitoring of Affordable Housing. Pursuant to Section 33418 of the Law, the Agency shall monitor, on an ongoing basis, any affordable housing developed or otherwise made available pursuant to any of the provisions of the Law. To that end, the Agency will require the owners or managers of the housing to submit an annual report to the Agency. The Agency shall require the annual reports to include for each rental unit the rental rate and the income and family size of the occupants, and for each owner-occupied unit whether there was a change in ownership from the prior year, and, if so, the income and family size of the new owners. The Agency shall provide a form for the income information to be supplied by the tenants.

Section 7. Statements of Indebtedness. Pursuant to Section 33675 of the Law, the Agency shall, by October 1 of each year, annually file with the Los Angeles County Auditor Controller a statement of indebtedness and a reconciliation statement certified by the chief financial officer of the Agency, which statements shall contain all of the information required by Section 33675 and which shall be filed on forms prescribed by the State Controller. If the County Auditor disputes the amount of loans, advances, or indebtedness as shown on a statement of indebtedness and gives written notice thereof to the Agency, the Agency shall within 30 days of receipt of the notice, submit any further information it deems appropriate to substantiate the amount of any loans, advances, or indebtedness which has been disputed. The Agency shall maintain adequate documentation to evidence its indebtedness.

Section 8. Implementation Plans. The Agency shall adopt each five (5) years, after a public hearing, an implementation plan that contains all of the information required by Section 33490 of the Law. At least once within each five-year term of the implementation plan, the Agency shall conduct a public hearing and hear testimony of all interested persons for the purpose of reviewing the Redevelopment Plan for the Project Area and the corresponding implementation plan and evaluating the progress of the redevelopment project. Such hearing shall take place no earlier than two (2) years and no later than three (3) years after the adoption of the implementation plan. Notice of the public hearings shall be published pursuant to Section 6063 of the Government Code, mailed at least three (3) weeks in advance to all persons and agencies that have requested notice, and posted in at least four (4) permanent places within the Project Area. Publication, mailing, and posting shall be completed not less than ten (10) days prior to the date of the hearing.

Section 9. Public Disclosure Statements. In accordance with the Political Reform Act (Government Code Section 81000, et seq.), Title 2 of the California Code of Regulations, each Agency Board member shall file a statement of economic interest with the City Clerk within 30 days after assuming office, annually no later than April 1, and within 30 days after leaving office.

#2.

Section 10. Acquisition of Property Interests. Except as otherwise allowed by Section 33130 or 33130.5 of the Law, no Agency officer or employee who in the course of his or her duties is required to participate in the formation of, or to approve plans or polices for, the redevelopment of the Project Area shall acquire any interest in any property included within the Project Area. If any officer or employee owns or has any direct or indirect financial interest in property included within the Project Area, he or she must immediately make a written disclosure of the financial interest to the Agency and the City Council and the disclosure must be entered on the minutes of the Agency and the City Council.

Section 11. Policies and Procedures. To ensure compliance with ongoing administrative, accounting, monitoring, and reporting requirements imposed on the Agency, including, but not limited to, the requirements set froth in Sections 2 through 10 hereof, the Agency hereby directs Agency staff, in cooperation with the Administrative Oversight Committee appointed pursuant to Section 12 below, to develop additional policies and procedures as may be of assistance to the Agency staff, for adoption by the Agency Board, which policies and procedures will help ensure the timely, accurate, and complete compliance with such requirements.

Section 12. Establishment of Administrative Committee. The Administrative Committee (the "Committee") is hereby established with four (4) members, consisting of the following officials: (i) Redevelopment Director, (ii) Deputy Redevelopment Director, (iii) Executive Secretary, and (iv) City Controller or his or her designee. The Committee shall meet at least quarterly and shall provide oversight over audit-related matters, including financial statements and reporting requirements and the Agency's system of internal controls over financial reporting and status of all projects funded with bond proceeds. After each meeting of the Committee (at least quarterly), the Committee shall submit a report (the "Committee Report") to the Commission (for informational purposes, and not as an action item) as to the status of compliance issues and internal controls, which Committee Report shall include, at a minimum, the Committee's minutes with respect to the applicable Committee meeting. To the extent any proceeds of Agency bonds are unexpended at the applicable time, the Committee Report also shall include a description of the status of projects funded by bond proceeds.

Section 13. Effective Date. This Resolution shall take effect immediately upon adoption.

ADOPTED this ________ day of ______________________________ 2010.

____

CHAIRMAN OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION

ATTEST:

____

CLERK OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION

STATE OF CALIFORNIA
CITY OF LOS ANGELES
CITY OF COMPTON

I, Alita Godwin, Clerk of the Urban Community Development Commission of the City of Compton, hereby certify that the forgoing resolution was adopted by the Commission, signed by the Chairman, and attested by the Clerk at a regular meeting thereof held on the ____ day of _________2010.

That said resolution was adopted by the following vote, to wit:

AYES: COMMISSIONERS-
NOES: COMMISSIONERS-
ABSENT: COMMISSIONERS-
ABSTAIN: COMMISSIONERS-

____
CLERK OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION

APRIL 20, 2010

TO: **CHAIRMAN AND COMMISSIONERS**

FROM: **EXECUTIVE SECRETARY**

SUBJECT: **A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON MAKING A FINDING OF FISCAL RESPONSIBILITY, APPROVING A PLAN FOR FULL REPAYMENT OF DEFERRED TAX SHARING AMOUNTS UNDER A 1992 AGREEMENT OF COOPERATION WITH THE COUNTY OF LOS ANGELES, AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO**

BACKGROUND:

Pursuant to former Section 33401 of the Community Redevelopment Law, the Agency previously entered into a Tax-Sharing Agreement, dated as of June 9, 1992 (the "Cooperation Agreement"), with the County of Los Angeles, to alleviate financial effects upon the County relating to the Redevelopment Plan for the Agency's Compton Redevelopment Project Area (the "Project Area") by providing for tax sharing payments to the County from redevelopment tax increment.

Pursuant to the Cooperation Agreement, the County has subordinated its right to payment under the Cooperation Agreement to any Agency pledge of all or any portion of tax increment of all or any portion of the tax increment revenues otherwise payable to the County under the Cooperation Agreement. The County Deferral Amount at the rate of seven percent (7%) per annum is compounded annually. The current County Deferral Amount is calculated to be approximately $20.6 million. In connection with the County subordination, the Agency has agreed in the Cooperation Agreement that it shall responsibly incur debt with the consideration for the full repayment of the County Deferral Amount with interest, by calendar year 2031.

With respect to the Agency's obligations under the Cooperation Agreement for repayment of the County Deferral Amount, the underwriter for the Series 2010 Bonds, Grigsby & Associates, has prepared a table illustrating (i) the estimated debt service coverage (based on the Fiscal Consultant's projections) of projected tax increment revenues over the Agency's debt service requirements of the 1995 Bonds and the 2006 Bonds and projected debt service requirements of the 2010 Bonds, and (ii) taking into account such projections, a possible payment schedule for repayment of the County Deferral Amount by calendar year 2031 (including additional deferred annual payments through Fiscal Year ended 2011), is attached hereto as Exhibit "A" and incorporated herein by reference.

STATEMENT OF THE ISSUE:

In accordance with the Agency's agreement to incur debt responsibly, the Agency will propose to issue second lien bonds in 2010 secured by a pledge of certain tax increment revenues (collectively, the "2010 Bonds"). The Basic Deferral Repayment Option, attached hereto as Exhibit "A" and incorporated herein by reference, demonstrates the Agency's ability to pay projected debt service payments on the 2010 Bonds and debt service payments on the Agency's outstanding senior bonds, together with a possible payment schedule for repayment of the County Deferral Amount in full by calendar year 2031 and payment of projected ongoing annual undeferred tax sharing payments to the County under the Cooperation Agreement.

If a Deferral and Repayment Plan is negotiated with the County after the Executive Secretary selects an alternate repayment plan, the repayment plan set forth in the negotiated and approved Deferral and Repayment Plan will replace the alternate repayment plan.

If no Deferral and Repayment Plan results from negotiations with the County within one (1) year of the date of issuance of the 2010 Bonds, the attached resolution also directs the Executive Secretary to review the Adjusted Basic Deferral Repayment Option in connection with the final debt service schedule for the 2010 Bonds and in light of assessed valuation changes. If at such time the Executive Secretary determines that an alternate repayment plan is preferable to the Agency than the Adjusted Basic Deferral Repayment Option, and still achieves repayment of the County Deferral Amount by 2031, the Executive Secretary may select such alternate repayment plan for the County Deferral Amount, so long as the Executive Secretary's review and selection is completed within 1 month after the first anniversary of the date of issuance of the 2010 Bonds.

RECOMMENDATION

Staff respectfully recommends that the Commission adopt a resolution approving a full repayment plan and schedule as set forth in the attached resolution for the 1992 Deferral Tax Sharing Agreement with Los Angeles County and direct the Executive Secretary and Agency staff to negotiate with the County a revision to the current terms of that agreement.

DR. KOFI SEFA-BOAKYE
DIRECTOR OF REDEVELOPMENT

CHARLES EVANS
EXECUTIVE SECRETARY

Attachment(s): EXHIBIT "A" - BASIC DEFERRAL REPAYMENT OPTION

#3.

RESOLUTION NO. ______

A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON MAKING A FINDING OF FISCAL RESPONSIBILITY, APPROVING A PLAN FOR FULL REPAYMENT OF DEFERRED TAX SHARING AMOUNTS UNDER A 1992 AGREEMENT OF COOPERATION WITH THE COUNTY OF LOS ANGELES, AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, the Urban Community Development Commission (the "Commission") is a public body, corporate and politic, duly created and authorized to transact business and exercise its powers pursuant to Part 1.7 of Division 24 (commencing with Section 34100) of the Health and Safety Code of the State of California (the "Health and Safety Code") and the powers of such Commission include the power to operate, govern and exercise all of the power, authority, functions and jurisdiction of the Community Redevelopment Agency of the City of Compton, California (the "Agency"); and

WHEREAS, the Commission exercises as a governing body the powers of the Agency, a public body, corporate and politic, duly created and authorized to transact business and exercise its powers, under and pursuant to the Community Redevelopment Law set forth in Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code (the "Law") and the powers of the Agency include the power to issue bonds and refunding bonds; and

WHEREAS, a redevelopment plan (the "Redevelopment Plan") for a redevelopment project area of the Agency known and designated as the "Compton Redevelopment Project Area" (the "Project Area") has been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with; and

WHEREAS, the Redevelopment Plan contemplates that the Agency will issue bonds from time to time to finance or refinance a portion of the costs of the redevelopment of the Project Area; and

WHEREAS, for the purpose of financing costs of the Project Area, the Agency issued its (i) Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable) (the "1995 Bonds"), pursuant to a Master Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), as supplemented by a Third Supplemental Trust Agreement, dated as of June 1, 1995, each by and between the Agency and Seattle-First National Bank, as succeeded by U.S. Bank National Association, as trustee (the "Trustee"), and (ii) Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A (the "2006 Bonds"), pursuant to the Master Trust Agreement, as supplemented by a Fifth Supplemental Trust Agreement, dated as of July 1, 2006, by and between the Agency and the Trustee; and

WHEREAS, in order to finance additional redevelopment activities with respect to the Project Area, including without limitation additional low and moderate income housing redevelopment activities, the Agency's obligation to make statutory tax sharing payments with respect to tax increment received in Fiscal Year 2008-09 to non-local educational agencies, certain tax sharing amounts payable to the Compton Unified School District under an Agreement for Cooperation with the Compton Unified School District, and the Agency's obligation to deposit moneys in the Supplemental Educational Revenue Augmentation Fund in fiscal years 2010-10 and 2010-11 (pending the outcome to be determined by the Superior Court of the Court of Sacramento in *California Redevelopment Association et al. v. Genest et al.*, Case No. 34-2009-80000359-CU-WM-GDS (*CRA v. Genest*) as to any right of the Agency to withhold such SERAF payments), the Agency will propose by separate resolution to issue its (i) Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "2010A Bonds"), (ii) its Compton Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010B (the "2010B Bonds"), and (iii) its Compton Redevelopment Project Second Lien Tax Allocation Bonds (Taxable), Series 2010C (the "2010C Bonds"; and collectively with the 2010A Bonds and the 2010B Bonds, the "2010 Bonds"), with each proposed series of 2010 Bonds being payable on a subordinate basis to the 1995 Bonds and the 2006 Bonds; and

#3.

WHEREAS, pursuant to former Section 33401 of the Law, the Agency previously entered into an Agreement for Cooperation, dated as of June 9, 1992 (the "Cooperation Agreement"), with the County of Los Angeles (the "County"), to alleviate financial effects upon the County relating to the Redevelopment Plan for the Project Area by provided for taxing sharing payments to the County from redevelopment tax increment; and

WHEREAS, to provide for additional redevelopment activities of the Agency in the years following execution of the Cooperation Agreement, the Cooperation Agreement provides for the County's deferral of its receipt of the County Share (as defined therein) of tax increment for an unspecified period of time (the "County Deferral Amount"), including the accrual of interest on the County Deferral Amount at the rate of seven percent (7%) per annum, compounded annually, and the current County Deferral Amount is calculated to be approximately $20.6 million; and

WHEREAS, pursuant to the Cooperation Agreement, the County has subordinated its right to payment under the Cooperation Agreement to any Agency pledge of all or any portion of tax increment of all or any portion of the tax increment revenues otherwise payable to the County under the Cooperation Agreement in order to secure repayment of Agency long-term indebtedness (term exceeding 5 years) incurred for the Project Area; provided, in connection with such County subordination, the Agency has agreed in the Cooperation Agreement that it shall responsibly incur debt with the consideration for the full repayment of the County Deferral Amount with interest, by calendar year 2031; and

WHEREAS, due to permitted and duly adopted amendments to the Redevelopment Plan, presently the Redevelopment Plan limitation as to the last date on which the Agency may receive tax increment from a constituent project area of the Project Area and repay indebtedness with such tax increment occurs in calendar year 2042, which is later than calendar year 2031; and

WHEREAS, in connection with the proposed issuance of the 2010 Bonds, the fiscal consultant firm Katz Hollis (the "Fiscal Consultant") has been working with the Agency to prepare a report of projected tax increment revenues for the Project Area, and with respect to the Agency's obligations under the Cooperation Agreement for repayment of the County Deferral Amount, the underwriter for the Series 2010 Bonds, Grigsby & Associates, Inc., has prepared a table illustrating (i) the estimated debt service coverage (based on the Fiscal Consultant's projections) of projected tax increment revenues over the Agency's debt service requirements of the 1995 Bonds and the 2006 Bonds and projected debt service requirements of the 2010 Bonds, and (ii) taking into account such projections, a possible payment schedule for repayment of the County Deferral Amount by calendar year 2031 (including additional deferred annual payments through Fiscal Year ended 2011), together with projected ongoing undeferred payments payable to the County each subsequent year under the Cooperation Agreement (the "Basic Deferral Repayment Option"); and

WHEREAS, the Cooperation Agreement provides that subsequent to the execution of the Cooperation Agreement, the County and the Agency shall develop and approve a Deferral and Repayment Plan (the "Deferral and Repayment Plan") to carry out the intent of the parties to fully repay the County the County Deferral Amount, but to date, no such Deferral and Repayment Plan has been entered into; and

WHEREAS, the Basic Deferral Repayment Option does not include any repayments on the County Deferral Amount prior to calendar year 2012 and continues to defer amounts payable to the County through Fiscal Year ended 2011, and in the meantime, the Agency wishes to direct the Executive Secretary of the Agency to negotiate with the County the specific terms of the Deferral and Repayment Plan, on terms that achieve repayment of the County Deferral Amount by 2031 (or such later date as agreed to by the County) and on terms no less favorable to the Agency as the Basic Deferral Repayment Option (subject to certain adjustments described herein), and contemplating a final Deferral and Repayment Plan to be executed by the Agency and the County within one year after the date of issuance of the 2010 Bonds; and

WHEREAS, in any event, the Agency may wish to further modify the adjusted Basic Deferral Repayment Option to account for the final debt service schedule on the 2010 Bonds, after the 2010 Bonds are issued; and

WHEREAS, in connection with the proposed issuance of the 2010 Bonds and the Agency's reasonable and responsible incurrence of the indebtedness represented thereby, the Agency wishes to approve the Basic Deferral Repayment Option (a copy of which is on file with the Clerk of the Agency) as adjusted for assessed valuation as set forth in this Resolution, and subject to any final Deferral and Repayment Plan that is negotiated by the Executive Secretary with the County in accordance with the requirements of this Resolution to replace the Basic Deferral Repayment Option, or in the absence of a negotiated Deferral and Repayment Plan with the County, subject to any alternate deferral repayment option selected by the Executive Secretary in accordance with the requirements of this Resolution.

NOW, THEREFORE, THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. Recitals. The foregoing recitals, and each of them, are true and correct.

Section 2. Finding. The Agency hereby finds and determines, based on (i) the demonstration shown in the Basic Deferral Repayment Option of projected debt service coverage and of the Agency's ability to repay the County Deferral Amount by calendar year 2031 and (ii) the plan for repayment of the County Deferral Amount set forth in this Resolution, that the incurrence of the indebtedness represented by the proposed 2010 Bonds will be reasonably and responsibly incurred within the meaning of the Cooperation Agreement, with consideration for the full repayment of the County Deferral Amount, with interest compounded annually at a rate of 7% per annum, by calendar year 2031.

Section 3. Approval of Adjusted Basic Deferral Repayment Option.

(a) The repayment of the County Deferral Amount, in such amounts set forth in column "AU" of the Basic Deferral Repayment Option, as adjusted for Fiscal Years ended 2010 and 2011 by the following sentence (the "Adjusted Basic Deferral Repayment Option"), is hereby approved. With respect to Fiscal Year ended 2010 and Fiscal Year ended 2011, the Agency shall pay to the County no later than the August 1 immediately following the applicable Fiscal Year, an amount calculated as the difference between (i) the amount of the annual payment obligation to the County calculated in accordance with the Cooperation Agreement, based on actual assessed valuation for the applicable Fiscal Year, less (ii) the projected annual payment obligation for such Fiscal Year, as set forth in column "AR" of the Basic Deferral Repayment Option. (No payment shall be required to be made to the County pursuant to the foregoing sentence if the calculation for the subject Fiscal Year results in a negative number.)

Each payment to reduce the County Deferral Amount shall be made no later than the August 1 immediately following the applicable Fiscal Year. In addition, the Agency shall not defer any additional amounts under the Cooperation Agreement commencing the Fiscal Year ended 2012, and shall pay to the County the required annual payment calculated in accordance with the Cooperation Agreement, commencing with the annual payment for Fiscal Year ended 2012.

(b) If, however, subsequent to the adoption of this resolution any repayment schedule is determined and approved by the Executive Secretary of the Agency in accordance with Section 4 hereof (which shall have repayment terms no less favorable to the Agency than the Adjusted Basic Deferral Repayment Option), the terms of the Adjusted Basic Deferral Repayment Option shall be replaced by such repayment schedule determined and approved in accordance with Section 4 hereof.

#3.

(c) The approvals set forth in this Section 3 shall be irrevocable and may not be rescinded or revoked by any subsequent action of the Agency, and may only be modified in accordance with Section 4 hereof.

Section 4. Negotiation of Deferral and Repayment Plan.

(a) The Executive Secretary of the Agency, with the assistance of such Agency staff as determined by the Executive Secretary as appropriate, is hereby directed to negotiate with the County the specific terms of the Deferral and Repayment Plan contemplated by the Cooperation Agreement, on terms that achieve repayment of the County Deferral Amount by 2031, or such other date as agreed to by the County, and on repayment terms no less favorable to the Agency than the Adjusted Basic Deferral Repayment Option.

(b) After negotiation of the Deferral and Repayment Plan pursuant to paragraph (a) above, the form and language of such Deferral and Repayment Plan shall be subject to the approval of the Commission, acting as the legislative body of the Agency; provided, per the delegation contained herein, the Executive Secretary shall approve the final repayment schedule for the County Deferral Amount to be included in the Deferral and Repayment Plan in accordance with the requirements of this Resolution (including but not limited to this Section 4), which approval shall be conclusively evidenced by the Executive Secretary's execution and delivery of the final Deferral and Repayment Plan in the form approved by the Commission.

(c) If no Deferral and Repayment Plan has been approved by the Agency and the County within one (1) year after the date of issuance of the 2010 Bonds, the Executive Secretary, with the assistance of such Agency staff as determined by the Executive Secretary as appropriate, is hereby directed to review the Adjusted Basic Deferral Repayment Option in connection with the final debt service schedule for the 2010 Bonds and in light of assessed valuation changes. If at such time the Executive Secretary determines that an alternate repayment plan for the County Deferral Amount is preferable to the Agency than the Adjusted Basic Deferral Repayment Option, and still achieves repayment of the County Deferral Amount by 2031, the Executive Secretary may select such alternate repayment plan for the County Deferral Amount (the "Alternate Deferral Repayment Option"). The Executive Secretary shall complete the review and any selection of an Alternate Deferral Repayment Option per this paragraph (c) within one (1) month after the first anniversary of the date of issuance of the 2010 Bonds.

(d) If an Alternate Deferral Repayment Option has been selected by the Executive Secretary pursuant to paragraph (c) of this Section 4 and subsequent to such selection a Deferral and Repayment Plan is negotiated by the Executive Secretary with the County in accordance with the requirements of paragraphs (a) and (b) of this Section 4, the repayment schedule for the County Deferral Amount set forth in the negotiated Deferral and Repayment Plan, if approved by the Commission, as legislative body of the Agency, and the County, shall replace the Alternate Deferral Repayment Option.

Section 5. Other Acts. The Executive Secretary and Agency staff is hereby directed to commence repayment of the County Deferral Amount in accordance with the repayment plan determined in accordance with this Resolution, and all other officers of the Agency are hereby authorized and directed, jointly and severally, to take such actions and execute and deliver any and all documents and instruments which they may deem necessary or proper to effectuate the purposes of this Resolution, each document approved hereby, and any such actions previously taken by such officers are hereby ratified, confirmed and approved.

Section 6. Effective Date. This Resolution shall take effect immediately upon adoption.

ADOPTED this ________ day of ________________________________ 2010.

____
CHAIRMAN OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION

ATTEST:

____
CLERK OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION

STATE OF CALIFORNIA
CITY OF LOS ANGELES
CITY OF COMPTON

I, Alita Godwin, Clerk of the Urban Community Development Commission of the City of Compton, hereby certify that the forgoing resolution was adopted by the Commission, signed by the Chairman, and attested by the Clerk at a regular meeting thereof held on the ____ day of _________2010.

That said resolution was adopted by the following vote, to wit:

AYES: **COMMISSIONERS-**
NOES: **COMMISSIONERS-**
ABSENT: **COMMISSIONERS-**
ABSTAIN: **COMMISSIONERS-**

____
CLERK OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION

COMPTON REDEVELOPMENT AGENCY
2% Growth with New Bonds Including Payments to L.A. County

#3.

	A	E	F	H	I	J	K	L	N	O	P	R	S
1				Revenues for Senior Debt					2nd Lien Senior Non-Housing TI				
2	Fiscal Year	Non-Housing TI to Agency	Housing Fund (20% of GTI)	Non-Housing TI to Agency	Housing Fund*	Revenues Pledged to 1st Lien Bonds	Existing 1st Lien Debt Service	Coverage	Available Non-Housing TI	Proposed 2nd Lien Non-Housing TI Debt Service	Coverage	Total Non-Housing TI + Portion of Housing TI[1] Debt Service	Coverage
3													
4													
5													
6	6/30/2010	19,358,000	5,249,000	19,358,000	444,263	19,802,263	8,885,250	2.23	10,917,013	1,501,417	7.27	10,386,667	1.91
7	6/30/2011	20,066,000	5,351,000	20,066,000	445,250	20,511,250	8,905,000	2.30	11,606,250	4,504,250	2.58	13,409,250	1.53
8	6/30/2012	20,430,000	5,470,000	20,430,000	446,025	20,876,025	8,920,500	2.34	11,955,525	4,504,250	2.65	13,424,750	1.56
9	6/30/2013	20,800,000	5,592,000	20,800,000	447,300	21,247,300	8,946,000	2.38	12,301,300	4,504,250	2.73	13,450,250	1.58
10	6/30/2014	21,179,000	5,716,000	21,179,000		21,179,000	5,800,000	3.65	15,379,000	6,179,250	2.49	11,979,250	1.77
11	6/30/2015	21,564,000	5,843,000	21,564,000		21,564,000	5,800,000	3.72	15,764,000	6,180,250	2.55	11,980,250	1.80
12	6/30/2016	21,890,000	5,972,000	21,890,000		21,890,000	5,800,000	3.77	16,090,000	6,180,450	2.60	11,980,450	1.83
13	6/30/2017	22,221,000	6,104,000	22,221,000		22,221,000	5,800,000	3.83	16,421,000	6,179,050	2.66	11,979,050	1.85
14	6/30/2018	22,559,000	6,239,000	22,559,000		22,559,000	5,800,000	3.89	16,759,000	6,180,250	2.71	11,980,250	1.88
15	6/30/2019	22,905,000	6,376,000	22,905,000		22,905,000	5,800,000	3.95	17,105,000	6,177,850	2.77	11,977,850	1.91
16	6/30/2020	23,256,000	6,516,000	23,256,000		23,256,000	5,800,000	4.01	17,456,000	6,176,050	2.83	11,976,050	1.94
17	6/30/2021	23,615,000	6,658,000	23,615,000		23,615,000	5,800,000	4.07	17,815,000	6,178,650	2.88	11,978,650	1.97
18	6/30/2022	23,946,000	6,804,000	23,946,000		23,946,000	5,800,000	4.13	18,146,000	3,389,050	5.35	9,189,050	2.61
19	6/30/2023	24,282,000	6,952,000	24,282,000		24,282,000	5,800,000	4.19	18,482,000	3,393,900	5.45	9,193,900	2.64
20	6/30/2024	24,626,000	7,104,000	24,626,000		24,626,000	5,800,000	4.25	18,826,000	3,392,125	5.55	9,192,125	2.68
21	6/30/2025	24,155,000	7,013,000	24,155,000		24,155,000		-	24,155,000	8,879,050	2.72	8,879,050	2.72
22	6/30/2026	24,501,000	7,165,000	24,501,000		24,501,000		-	24,501,000	8,882,825	2.76	8,882,825	2.76
23	6/30/2027	13,561,000	3,880,000	13,561,000		13,561,000		-	13,561,000	4,706,575	2.88	4,706,575	2.88
24	6/30/2028	13,772,000	3,968,000	13,772,000		13,772,000		-	13,772,000	4,705,375	2.93	4,705,375	2.93
25	6/30/2029	13,987,000	4,058,000	13,987,000		13,987,000		-	13,987,000	4,708,775	2.97	4,708,775	2.97
26	6/30/2030	14,207,000	4,150,000	14,207,000		14,207,000		-	14,207,000	4,705,800	3.02	4,705,800	3.02
27	6/30/2031	12,744,000	3,704,000	12,744,000		12,744,000		-	12,744,000	4,131,125	3.08	4,131,125	3.08
	6/30/2032	12,948,000	3,788,000	12,948,000		12,948,000		-	12,948,000	4,131,150	3.13	4,131,150	3.13
	6/30/2033	13,155,000	3,873,000	13,155,000		13,155,000		-	13,155,000	4,130,125	3.19	4,130,125	3.19
	6/30/2034	7,387,000	2,233,000	7,387,000		7,387,000		-	7,387,000	2,247,400	3.29	2,247,400	3.29
	6/30/2035	7,502,000	2,287,000	7,502,000		7,502,000		-	7,502,000	2,249,525	3.33	2,249,525	3.33
	6/30/2036	7,620,000	2,343,000	7,620,000		7,620,000		-	7,620,000	2,246,125	3.39	2,246,125	3.39
33	6/30/2037	7,740,000	2,399,000	7,740,000		7,740,000		-	7,740,000	2,247,200	3.44	2,247,200	3.44
34	6/30/2038	7,863,000	2,457,000	7,863,000		7,863,000		-	7,863,000	2,247,100	3.50	2,247,100	3.50
35	6/30/2039	7,988,000	2,516,000	7,988,000		7,988,000		-	7,988,000	2,250,500	3.55	2,250,500	3.55
36	6/30/2040	8,115,000	2,576,000	8,115,000		8,115,000		-	8,115,000	2,246,750	3.61	2,246,750	3.61
37	6/30/2041	8,245,000	2,637,000	8,245,000		8,245,000		-	8,245,000	2,245,850	3.67	2,245,850	3.67
38	6/30/2042	8,342,000	2,700,000	8,342,000		8,342,000		-	8,342,000	2,247,150	3.71	2,247,150	3.71
39													

	A	U	AA	AB	AC	AE	AR	AU	AV	AW	AY	BA
1			2nd Lien Senior Housing Fund				PROJ A-1 SUBAREA L.A. CO. AGREEMENT					
2	Fiscal Year	Remaining Non-Housing TI after payment of 1st and 2nd Lien Bonds	Available Housing TI for Debt Service	Proposed 2nd Lien Housing Debt Service	Coverage	Remaining Housing Fund after payment of 1st and 2nd Lien Bonds	County Payment	Proposed Deferral Reduction		Deferral Balance	Excess revenues available to the RDA Fund after payment of Non-Housing Bonds and Deferral Payment plus allocation from the Remaining Housing Fund[2]	Remaining Housing Fund after payment of 1st and 2nd Lien Bonds and allocation to the RDA Fund[2]
3							52.22%					
4							Annual	Deferral	Total			
5							Payment	Reduction	Payment	20,600,000		
6	6/30/2010	9,415,596	4,804,738	541,631	8.87	4,263,107	1,743,561	-		23,785,561	11,015,596	2,663,107
7	6/30/2011	7,102,000	4,905,750	2,389,500	2.05	2,516,250	1,792,423	-		27,242,973	8,702,000	916,250
8	6/30/2012	7,451,275	5,023,975	2,388,750	2.10	2,635,225	1,842,264	118,711	1,960,975	29,031,271	7,090,300	1,035,225
9	6/30/2013	7,797,050	5,144,700	2,390,725	2.15	2,753,975	1,893,100	413,650	2,306,750	30,649,810	7,090,300	1,153,975
10	6/30/2014	9,199,750	5,716,000	2,615,100	2.19	3,100,900	1,944,951	1,929,499	3,874,450	30,865,798	6,925,300	1,500,900
11	6/30/2015	9,583,750	5,843,000	2,612,250	2.24	3,230,750	1,997,842	2,257,408	4,255,250	30,768,996	6,928,500	1,630,750
12	6/30/2016	9,909,550	5,972,000	2,615,825	2.28	3,356,175	2,051,789	2,530,261	4,582,050	30,392,565	6,927,500	1,756,175
13	6/30/2017	10,241,950	6,104,000	2,615,175	2.33	3,488,825	2,106,813	2,807,437	4,914,250	29,712,608	6,927,700	1,888,825
14	6/30/2018	10,578,750	6,239,000	2,615,300	2.39	3,623,700	2,162,943	3,086,707	5,249,650	28,705,784	6,929,100	2,023,700
15	6/30/2019	10,927,150	6,376,000	2,615,875	2.44	3,760,125	2,220,190	3,380,260	5,600,450	27,334,928	6,926,700	2,160,125
16	6/30/2020	11,279,950	6,516,000	2,616,575	2.49	3,899,425	2,278,587	3,670,463	5,949,050	25,577,911	6,930,900	2,299,425
17	6/30/2021	11,636,350	6,658,000	2,612,075	2.55	4,045,925	2,338,148	3,971,902	6,310,050	23,396,462	6,926,300	2,445,925
18	6/30/2022	14,756,950	6,804,000	2,612,375	2.60	4,191,625	2,398,903	4,934,347	7,333,250	20,099,868	9,023,700	2,591,625
19	6/30/2023	15,088,100	6,952,000	2,611,825	2.66	4,340,175	2,460,871	5,210,204	7,671,075	16,296,654	9,017,025	2,740,175
20	6/30/2024	15,433,875	7,104,000	2,615,100	2.72	4,488,900	2,524,079	5,491,596	8,015,675	11,945,824	9,018,200	2,888,900
21	6/30/2025	15,275,950	7,013,000	2,526,550	2.78	4,486,450	2,588,552	5,376,148	7,964,700	7,405,884	8,911,250	2,886,450
22	6/30/2026	15,618,175	7,165,000	2,526,700	2.84	4,638,300	2,654,315	5,656,185	8,310,500	2,268,110	8,907,675	3,038,300
23	6/30/2027	8,854,425	3,880,000	1,304,700	2.97	2,575,300	2,721,387	282,388	3,003,775	2,144,490	7,450,650	975,300
24	6/30/2028	9,066,625	3,968,000	1,309,525	3.03	2,658,475	2,789,807	427,718	3,217,525	1,866,887	7,449,100	1,058,475
25	6/30/2029	9,278,225	4,058,000	1,306,100	3.11	2,751,900	2,859,594	569,656	3,429,250	1,427,913	7,448,975	1,151,900
26	6/30/2030	9,501,200	4,150,000	1,304,750	3.18	2,845,250	2,930,777	720,473	3,651,250	807,395	7,449,950	1,245,250
27	6/30/2031	8,612,875	3,704,000	1,135,150	3.26	2,568,850	3,003,381	863,912	3,867,293	0	6,345,582	968,850
	6/30/2032	8,816,850	3,788,000	1,138,025	3.33	2,649,975					10,416,850	1,049,975
	6/30/2033	9,024,875	3,873,000	1,137,650	3.40	2,735,350					10,624,875	1,135,350
	6/30/2034	5,139,600	2,233,000	599,025	3.73	1,633,975					6,773,575	
	6/30/2035	5,252,475	2,287,000	596,925	3.83	1,690,075					6,942,550	
	6/30/2036	5,373,875	2,343,000	598,525	3.91	1,744,475					7,118,350	144,475
33	6/30/2037	5,492,800	2,399,000	598,500	4.01	1,800,500					7,293,300	200,500
34	6/30/2038	5,615,900	2,457,000	596,850	4.12	1,860,150					7,215,900	260,150
35	6/30/2039	5,737,500	2,516,000	598,575	4.20	1,917,425					7,337,500	317,425
36	6/30/2040	5,868,250	2,576,000	598,350	4.31	1,977,650					7,468,250	377,650
37	6/30/2041	5,999,150	2,637,000	601,175	4.39	2,035,825					7,599,150	435,825
38	6/30/2042	6,094,850	2,700,000	601,725	4.49	2,098,275					7,694,850	498,275
39												

40 [1]Housing TI is equal to 5% of Senior Debt Service through and including Fiscal 2013, as allowed by earlier bonds.
41 [2]Lessor of $1,600,000 or the amount available in the Housing Fund after 1st and 2nd Lien Housing Bonds. This amount is attributable to costs related to Housing Fund Projects

RESOLUTION SIGN-OFF FORM

DEPARTMENT:	**Community Redevelopement**
RESOLUTION TITLE:	**A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON MAKING A FINDING OF FISCAL RESPONSIBILITY, APPROVING A PLAN FOR FULL REPAYMENT OF DEFERRED TAX SHARING AMOUNTS UNDER A 1992 AGREEMENT OF COOPERATION WITH THE COUNTY OF LOS ANGELES, AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO**

<ManagersName>	**<ManagersDate>**
DEPARTMENT MANAGER'S SIGNATURE	DATE

REVIEW / APPROVAL

<LegalName>	**<LegalDate>**
CITY ATTORNEY	DATE
<ControllerName>	**<ControllerDate>**
CITY CONTROLLER	DATE
<CityManager>	**<CityManagerDate>**
CITY MANAGER	DATE

Use when:

Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney's review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

April 20, 2010

TO: **CHAIRMAN AND COMMISSIONERS**

FROM: **EXECUTIVE SECRETARY**

SUBJECT: **A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON AUTHORIZING THE SALE, ISSUANCE AND DELIVERY BY THE AGENCY OF TAX ALLOCATION BONDS, AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH SUCH BONDS, MAKING FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445 WITH RESPECT THERETO, AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO**

SUMMARY

Staff is presenting a resolution for Commission authorizing the sale, issuance and delivery by the Community Redevelopment Agency of Tax Allocation Bonds.

BACKGROUND

The Commission has authorized the Agency to commence redevelopment activities and projects located within the Compton redevelopment project area. The Agency's Five-Year Implementation plan approve by the Council in January 2010 contemplates that the Agency will issue bonds from time to time to finance or refinance a portion of the costs of the redevelopment of the Project Area.

On January 26, 2010, pursuant to Resolution No. 1,774, the Commission approved Amendment no. 1 to the Agency's five-year implementation plan. On March 25, 2010, the City Council, pursuant to Resolution No. 23,078, certified Mitigated Negative Declaration No. CRA-001, dated October 2009, pursuant to the California Environmental Quality Act, which analyzes in detail the various environmental effects of all of the projects added to the Agency's implementation plan by Resolution No. 1,774. The projects analyzed in Mitigated Negative Declaration No. CRA-001 includes all of the projects proposed to be financed by the Tax Allocation Bonds. If approved, the Tax Allocation Bonds will provide a financing mechanism for projects on the five-year implementation plan which include the Performing Arts Center, MLK Transit Center, City-wide Street lighting Project, streetscape improvements – Greenleaf Blvd., Willowbrook Avenue, Compton Blvd., Alameda Blvd., the Jackie Robinson Sports Complex and Learning Center, the Senior Activity Center, a 4-level parking structure, a

#4.

Community Center, various land acquisitions, site remediation of land proposed for development, and affordable housing projects required under the Community Redevelopment Law. A partial list of the projects identified in the Mitigated Negative Declaration document was available in the Summary Report on file with the City Clerk in connection with the public hearing.

The proposed tax allocation bonds also will finance (i) the Agency's obligation under California law to deposit moneys in the Supplemental Educational Revenue Augmentation Fund ("SERAF") in fiscal years 2009-10 and 2010-11, (ii) its obligation under California law to make statutory tax sharing payments with respect to tax increment received in fiscal year 2008-09 to non-local educational agencies, and (iii) certain tax sharing amounts payable to the Compton Unified School District under an Agreement for Cooperation with the Compton Unified School District.

STATEMENT OF THE ISSUE

In order to finance redevelopment and economic development activities with respect to the Project Area, the Agency desires to issue its Compton Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010B (the "2010B Bonds"). In addition, in order to finance additional low and moderate income housing redevelopment activities and projects with respect to the Project Area, the Agency desires to issue its Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "2010A Bonds").

FISCAL IMPACT

There is no General Fund impact as a result of issuing Agency tax allocation bonds. Costs of issuance will be paid from bond proceeds.

The Agency has adequate tax increment revenues to pay the annual debt service costs for a proposed tax allocation bond, not to exceed a total of $103 million for all bond series. The Agency has placed safeguard measures in place as a cushion (or coverage component) of 84% or higher with respect to the housing bonds and 50% or higher with respect to the series of bonds for non-housing uses, together with a reserve fund to be established under the Trust Agreement will be in place to allow flexibility for the Agency in the event of any economic downturns in assessed valuation, which would result in decreased revenues to the Agency.

RECOMMENDATION

Staff is respectfully requesting that the Commission perform the following actions:

1. The Commission reconvene the continued joint public hearing duly noticed for April 13, 2010 and duly continued to April 20, 2010.

2. Adopt the attached resolution authorizing the sale, issuance, and delivery by the Agency of tax allocation bonds, authorizing the execution and delivery of certain documents in connection with such bonds, and making findings pursuant to California Health and

Safety Code Section 33445 with respect thereto, and authorizing certain other matters relating thereto.

DR. KOFI SEFA-BOAKYE
DIRECTOR OF REDEVELOPMENT

CHARLES EVANS
EXECUTIVE SECRETARY

#4.

RESOLUTION NO. ______

A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON AUTHORIZING THE SALE, ISSUANCE AND DELIVERY BY THE AGENCY OF TAX ALLOCATION BONDS, AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH SUCH BONDS, MAKING FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445 WITH RESPECT THERETO, AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, the Urban Community Development Commission (the "Commission") is a public body, corporate and politic, duly created and authorized to transact business and exercise its powers pursuant to Part 1.7 of Division 24 (commencing with Section 34100) of the Health and Safety Code of the State of California (the "Health and Safety Code") and the powers of such Commission include the power to operate, govern and exercise all of the power, authority, functions and jurisdiction of the Community Redevelopment Agency of the City of Compton, California (the "Agency"); and

WHEREAS, the Commission exercises as a governing body the powers of the Agency, a public body, corporate and politic, duly created and authorized to transact business and exercise its powers, under and pursuant to the Community Redevelopment Law set forth in Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code (the "Law") and the powers of the Agency include the power to issue bonds and refunding bonds; and

WHEREAS, a redevelopment plan (the "Redevelopment Plan") for a redevelopment project area of the Agency known and designated as the "Compton Redevelopment Project Area" (the "Project Area") has been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with; and

WHEREAS, the Redevelopment Plan contemplates that the Agency will issue bonds from time to time to finance or refinance a portion of the costs of the redevelopment of the Project Area; and

WHEREAS, for the purpose of financing costs of the Project Area, the Agency issued its (i) Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable) (the "1995 Bonds"), pursuant to a Master Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), as supplemented by a Third Supplemental Trust Agreement, dated as of June 1, 1995, each by and between the Agency and Seattle-First National Bank, as succeeded by U.S. Bank National Association, as trustee (the "Trustee"), and (ii) Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A (the "2006 Bonds"), pursuant to the Master Trust Agreement, as supplemented by a Fifth Supplemental Trust Agreement, dated as of July 1, 2006, by and between the Agency and the Trustee; and

WHEREAS, in order to finance additional low and moderate income housing redevelopment activities with respect to the Project Area, the Agency desires to issue its Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "2010A Bonds"), pursuant to the Master Trust Agreement, as supplemented by a Sixth Supplemental Trust Agreement, dated as of April 1, 2010, by and between the Agency and the Trustee (the "Sixth Supplement"), by and between the Agency the Trustee, and payable on a subordinate basis to the 1995 Bonds and the 2006 Bonds; and

WHEREAS, in order to finance redevelopment activities with respect to the Project Area, the Agency desires to issue its Compton Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010B (the "2010B Bonds"), pursuant to the Master Trust Agreement, as supplemented by a Seventh Supplemental Trust Agreement, dated as of April 1, 2010, by and between the Agency and the Trustee (the "Seventh Supplement"), and payable on a subordinate basis to the 1995 Bonds and the 2006 Bonds; and

WHEREAS, in order to finance (i) the Agency's obligation to make statutory tax sharing payments with respect to tax increment received in Fiscal Year 2008-09 to non-local educational agencies, (ii) certain tax sharing amounts payable to the Compton Unified School District under an Agreement for Cooperation with the Compton Unified School District, and (iii) the Agency's obligation to deposit moneys in the Supplemental Educational Revenue Augmentation Fund in fiscal years 2009-10 and 2010-11, or alternatively, if subsequent to the sale of the 2010C Bonds (as defined herein), an order or judgment is issued by the Superior Court of the County of Sacramento in *California Redevelopment Association et al. v. Genest et al.*, Case No. 34-2009-80000359-CU-WM-GDS (*CRA v. Genest*) that provides the Agency with a right to withhold such SERAF payments, in order to finance additional redevelopment activities of the Agency with respect to the Project Area, the Agency desires to issue its Compton Redevelopment Project Second Lien Tax Allocation Bonds (Taxable), Series 2010C (the "2010C Bonds;" and collectively with the 2010A Bonds and the 2010B Bonds, the "2010 Bonds"), pursuant to the Master Trust Agreement, as supplemented by a Eighth Supplemental Trust Agreement, dated as of April 1, 2010, by and between the Agency and the Trustee (the "Eighth Supplement"), and payable on a subordinate basis to the 1995 Bonds and the 2006 Bonds and on a parity with the 2010B Bonds; and

WHEREAS, the 2010 Bonds will be issued to finance the costs of certain projects of benefit to the Project Area; and

WHEREAS, Section 33445 of the Law authorizes the Agency, with the consent of the City Council, to, among other things, pay all or a part of the cost of installation and construction of certain public improvements, which are or will, upon completion, become publicly owned, upon the making of certain findings; and

WHEREAS, pursuant to Section 33679 of the California Health and Safety Code, after notice duly published in accordance with law, the Agency and City Council have held a joint public hearing on April 13, 2010 and duly continued to this date, with respect to use of tax increment revenues for the facilities to be financed by the issuance of the Bonds (collectively, the "Facilities") and received evidence concerning the public benefits therefrom; and

WHEREAS, there has been made available in the office of the City Clerk for two weeks prior to such public hearing for public inspection and copying, at a cost not to exceed the cost of duplication, a summary report (as updated on April 13, 2010, the "Summary Report") which includes all of the following: (i) an estimate of the amount of tax increment revenues allocated to the Agency which the Agency proposes to use to pay for all or part of the cost of the Facilities, including interest payments; (ii) the facts supporting the determinations required to be made by the Agency pursuant to California Health and Safety Code Section 33445; and (iii) the redevelopment purpose for which such tax increment revenues will be used to pay for Facilities; and

WHEREAS, the City Council, pursuant to Resolution No. 23,078, adopted on March 25, 2010, has reviewed and certified Mitigated Negative Declaration No. CRA-001, dated October 2009, relating to certain redevelopment projects added on January 26, 2010 to the Agency's five-year implementation plan by Resolution No. 1774 of the Commission (the "Mitigated Negative Declaration"), pursuant to the California Environmental Quality Act (commencing with Section 21000 of the Public Resources Code of the State of California) ("CEQA") and its implementing guidelines (Article 5 of Chapter 3 of Division 6 of Title 14 of the California Code of Regulations, commencing with Section 15000) (the "Guidelines"); and

WHEREAS, in connection with its approval and certification of the Mitigated Negative Declaration, the City Council has directed Agency staff to prepare a Notice of Determination, to file that Notice with the Clerk of Los Angeles County in accordance with Section 15075(d) the Guidelines, and to pay the applicable Fish and Game filing fee, and such Notice was filed with the County and the Fish and Game filing fee paid on March 31, 2010; and

WHEREAS, the project descriptions contained in the Mitigated Negative Declaration include all of the Facilities proposed to be financed by the 2010 Bonds, and the various environmental effects of such Facilities are analyzed in detail in the Mitigated Negative Declaration and therefore, the issuance of the 2010 Bonds for the purpose of funding the construction of the Facilities, described in the Summary Report, constitutes a financing mechanism and does not constitute a project for purposes of the CEQA and the Guidelines; and

WHEREAS, the Agency wishes to enter an escrow agreement with U.S. Bank National Association, as escrow agent (the "Escrow Agreement"), to provide for the set aside, escrow, and proper and timely application of the monies deposited into said escrow by the Agency with respect to (i) its statutory tax sharing obligations to affect taxing entities under the Law, specifically Sections 33607.5 and 33607.7 thereof, as amended from time to time, (ii) its tax sharing payment obligations to the County of Los Angeles pursuant to that certain Agreement for Cooperation, dated as of June 9, 1992, by and between the County and the Agency with respect to a portion of the Project Area, (iii) its tax sharing payment obligations to the Compton Unified School District pursuant to that certain Agreement for Cooperation, effective as of January 11, 1994, by and between the school district and the Agency with respect to a portion of the Project Area, and (iv) its tax sharing payment obligations to the Compton Community College District pursuant to that certain Agreement for Cooperation, dated as of December 29,1993, by and between the college district and the Agency with respect to a portion of the Project Area (as interpreted by a 2007 settlement and release agreement), in coordination with the administration and release of monies pursuant to the Master Trust Agreement, as amended and supplemented, for debt service and related obligations on the 1995 Bonds, the 2006 Bonds, the 2010 Bonds and any other bonds from time to time outstanding authorized and issued pursuant to the Master Trust Agreement, as amended and supplemented; and

WHEREAS, there has been presented to the Agency the form of a Bond Purchase Contract (the "Purchase Contract"), pursuant to which the Agency will sell the 2010 Bonds to the Compton Public Financing Authority (the "Authority") for resale to Grigsby & Associates, Inc., as the underwriter for the 2010 Bonds (the "Underwriter"); and

WHEREAS, in order to effect the issuance of the 2010 Bonds, the Agency desires to approve the form of a Preliminary Official Statement for the 2010 Bonds and to approve the forms of, and authorize the execution and delivery of the Sixth Supplement, the Seventh Supplement, the Eighth Supplement, the Purchase Contract, a Continuing Disclosure Agreement for the 2010 Bonds, and the Escrow Agreement, the forms of which are on file with the Clerk of the Agency.

NOW, THEREFORE, THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. Recitals. The foregoing recitals, and each of them, are true and correct.

Section 2. Findings Relating to Facilities. The Agency hereby finds and determines, based on the Summary Report and other information presented to the Agency, as follows: (i) each of the Facilities is located within the Project Area, and the acquisition of land therefor or the installation or construction thereof, is of benefit to the Project Area by helping to eliminate blight within the Project Area or by providing housing for low- or moderate-income persons; (ii) the payment of funds for the cost of such land acquisition and public capital improvements will assist in the elimination of one or more blighting conditions inside the Project Area; (iii) the payment of funds for the cost of the Facilities is consistent with the Agency's implementation plan adopted pursuant to Health and Safety Code Section 33490; and (iv) no other reasonable means of financing the acquisition of the land or installation or construction of such improvements is available to the City.

Section 3. 2010 Bonds; Supplemental Trust Agreements. Each of the Sixth Supplement, the Seventh Supplement, and the Eighth Supplement, in the forms presented and on file with the Clerk of the Agency, is hereby approved. The issuance of the 2010A Bonds, in the aggregate principal amount not to exceed $31,500,000, pursuant to the terms of the Master Trust Agreement as supplemented by the Sixth Supplement, is hereby authorized. The issuance of the 2010B Bonds, in the aggregate principal amount not to exceed $52,500,000, pursuant to the terms of the Master Trust Agreement as supplemented by the Seventh Supplement, respectively, is hereby authorized. The issuance of the 2010C Bonds, in the aggregate principal amount not to exceed $19,000,000, pursuant to the terms of the Master Trust Agreement as supplemented by the Eighth Supplement, is hereby authorized. Subject to the parameters set forth in Section 6 below, each of the Chairman, the Vice-Chairman, and the Executive Secretary (each, an "Authorized Officer"), acting singly, is hereby authorized and directed to execute and deliver, for and in the name of the Agency, each of the Sixth Supplement, the Seventh Supplement, and the Eighth Supplement, in substantially said form, with such changes therein as the Authorized Officer executing the document may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 4. Appointment of U.S. Bank National Association, as Trustee. The appointment of U.S. Bank National Association, to act as Trustee with respect to the 2010 Bonds is hereby approved.

Section 5. Purchase Contract. The form of Purchase Contract, proposed to be entered into by and among the Agency, the Authority, and the Underwriter, in the form presented and on file with the Clerk of the Agency, is hereby approved. Subject to the parameters set forth in Section 7, each Authorized Officer, acting singly, is hereby authorized and directed to execute and deliver, for and in the name of the Agency, the Purchase Contract in substantially said form, with such changes therein as the Authorized Officer executing the document may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 6. Certain Parameters Relating to Sale of 2010 Bonds. The authorization set forth in this Resolution regarding the issuance and sale of the 2010 Bonds are subject to the following parameters: (a) the aggregate principal amount of (i) the 2010A Bonds shall not exceed $31,500,000, (ii) the 2010B Bonds shall not exceed $52,500,000, and (iii) the 2010C Bonds shall not exceed $19,000,000; (b) the average interest cost with respect to (i) the 2010A Bonds shall not exceed 6.95 percent, (ii) the 2010B Bonds shall not exceed 6.95 percent, and (iii) the 2010C Bonds shall not exceed 9.95%; and (c) the Underwriter's compensation (*i.e.,* underwriter's discount), with respect to the sale of each series of the 2010 Bonds shall not exceed $12.50 per $1,000 initial principal amount. In addition, the authorization and powers delegated to the Authorized Officers by Section 6 of this Resolution shall be valid for a period of 180 days from the date of adoption of this Resolution.

Section 7. Official Statement. The preliminary Official Statement (the "Preliminary Official Statement") relating to the 2010 Bonds, substantially in the form on file in the office of the Clerk of the Agency, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Agency, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as such Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the 2010 Bonds. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Agency, to cause the Preliminary Official Statement to be brought into the form of a final Official Statement and to execute the final Official Statement and such additional documents prior to or concurrently with the signing of the final Official Statement as such Authorized Officer may deem necessary or appropriate to verify the accuracy thereof. The distribution and use of the Official Statement by the Underwriter in connection with the sale of the 2010 Bonds are hereby approved.

Section 8. Continuing Disclosure Agreement. The form of Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with respect to the 2010 Bonds, to be entered into by and between the Agency and U.S. Bank National Association, as dissemination agent, and on file in the office of the Clerk of the Agency, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver the Continuing Disclosure Agreement in substantially the form hereby approved, with such additions or changes as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his execution and delivery thereof.

Section 9. Appointments of Financial Advisor, Bond Counsel, Fiscal Consultant, Underwriter, and Redevelopment Consultant. In connection with the issuance of the 2010 Bonds, the appointments of Fieldman, Rolapp & Associates as Financial Advisor, Richards, Watson & Gershon, A Professional Corporation, as Bond Counsel, Katz Hollis as Fiscal Consultant, Grigsby & Associates, Inc. as Underwriter, and The Ometeotl Group as Redevelopment Consultant, are hereby approved and affirmed.

Section 10. Escrow Agreement. The form of the Escrow Agreement, to be entered into by and between the Agency and U.S. Bank National Association, as escrow agent, with respect to certain tax sharing payment obligations of the Agency and on file in the office of the Clerk of the Agency, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver the Escrow Agreement in substantially the form hereby approved, with such additions or changes as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his execution and delivery thereof. The appointment of U.S. Bank National Association, to act as Escrow Agent under the Escrow Agreement, is hereby approved

Section 11. Other Acts. The Authorized Officers and all other officers of the Agency are hereby authorized and directed, jointly and severally, to take such actions (including the negotiating and obtaining of one or more municipal bond insurance policies or debt service reserve surety bonds) and execute and deliver any and all documents and instruments which they may deem necessary or proper in connection with the issuance, sale and delivery of the 2010 Bonds, or otherwise to effectuate the purposes of this Resolution, each document approved hereby, and any such actions previously taken by such officers are hereby ratified, confirmed and approved.

Section 12. Effective Date. This Resolution shall take effect immediately upon adoption.

ADOPTED this _____ day of ___________, 2010.

____
CHAIRMAN OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION

ATTEST:

____
CLERK OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Alita Godwin, Clerk of the Urban Community Development Commission of the City of Compton, hereby certify that the foregoing resolution was adopted by the Commission, signed by the Chairman, and attested by the Clerk at the regular meeting thereof held on the _____ day of __________, 2010.

That said resolution was adopted by the following vote, to wit:

AYES: **COMMISSIONERS -**
NOES: **COMMISSIONERS -**
ABSENT: **COMMISSIONERS -**

____
CLERK OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION

#4.

SUMMARY REPORT REGARDING PAYMENT BY THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON FOR ALL OR A PORTION OF THE COST OF THE ACQUISITION OF LAND AND THE INSTALLATION AND CONSTRUCTION OF CERTAIN PUBLIC CAPITAL IMPROVEMENTS OF BENEFIT TO THE COMPTON REDEVELOPMENT PROJECT AREA

DATED: MARCH 30, 2010
(UPDATED: APRIL 13, 2010)

While this summary report reflects the Community Redevelopment Agency of the City of Compton (the "Agency"), ***the current list of proposed projects and estimated project costs identified within this report and the actual financed amount by the bond proceeds may differ from those presented in this summary report. This is a partial list of projects eligible for bond proceeds, the full list of eligible projects can be identified in the Mitigated Negative Declaration No. CRA-001.*** *The amounts set forth in this report are based upon the currently available estimates and the anticipated availability of other funds that Agency believes are reasonable. Such amounts may vary depending on the actual costs, fund availability and compliance with applicable requirements of the Community Redevelopment Law of California, being part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code (the "Law"), including but not limited to Section 33678 thereof.*

Proposed Redevelopment Projects

The Agency proposes to issue bonds to finance the cost of the acquisition of land for and the installation and construction of public capital improvements of benefit to the Compton Redevelopment Project Area (the "Project Area"). Such projects to be financed, in whole or in part, by bond proceeds are currently expected to include some or all of the following:

Acquisition / Improvement	Estimated Agency cost to be paid in whole or in part from bond proceeds*
• Performing Arts Center – 2,000 to 5,000 seat performing arts center center/arena venue to be located next to the Gateway Towne Center	$6,000,000
• Seniors Activities Center 300 N. Tamarind Avenue – approximately 20,000 sq. ft. public senior citizen activities center situated on two floors, new center to enhance indoor-outdoor relationships by promoting natural heating and cooling, as well as natural ventilation and sun penetration.	$7,400,000
• Parking Structure – 600 space public parking structure, with 1 subterranean level and 3 above ground levels (150 spaces per floor)	$19,800,000
• Community Center – approximately 20,000 sq. ft. public community center situated on two floors	$16,000,000

Acquisition / Improvement	Estimated Agency cost to be paid in whole or in part from bond proceeds*
• Street lighting, Design and construction of various streetscape improvements (including street light upgrades, decorative lighting elements, tree replacement, street fixtures (benches, bollards, trash receptacles), and median modifications and construction) including but not limited to Alameda Corridor, Compton Blvd., Rosecrans Ave., Willowbrook Ave., and Greenleaf Blvd.)	$18,000,000
• Jackie Robinson Sports Complex & Learning Center – land acquisition and funding assistance for the development of a sports park, including but not limited to a minor league baseball stadium (approx. 5,000-7,000 capacity) and little league baseball diamonds	$2,000,000
• City Yard, Alameda Ave. (approx. 5 acres) – site remediation to facilitate disposition and development of a 110,000 sq. ft. light industrial Class A business park	$2,000,000
• School District Site, North Mckinley (approx. 6.7 acres) – project assistance and site remediation to facilitate development of approx. 145,000 sq. ft. retail. Development assistance is expected to be grants or the economic equivalent of grants.	$2,500,000
• Affordable housing acquisitions, expected to be grants or the economic equivalent of grants	$10,000,000
• Alameda Court 501 and 521 N. Alameda (approx. 1.4 acres) – provision of financing expected to be grants or the economic equivalent of grants for 28 new townhomes, units are two stories in height and project is fully entitled	$2,100,000
• First Time Homebuyer Program – provision of silent second trust deed loans up to $150,000, based on HUD affordable income criteria and expected to be grants or the economic equivalent of grants	$6,700,000
• Alondra Blvd. and Atlantic Ave. (157,270 sq. ft.) – land acquisition of a site to facilitate the housing component for development of an approximately 160,000 sq. ft. horizontal housing and retail mixed-use facility, with approximately 90,000 sq. ft. of retail and 65 housing units. Development assistance is expected to be grants or the economic equivalent of grants.	$3,000,000
• Alondra Blvd. and Grandee Ave. (18,225 sq. ft.) – land acquisition of a site to facilitate the housing component for development of a mixed-use facility, with approximately 4,000 sq. ft. of retail and 6-8 housing units. Development assistance is expected to be grants or the economic equivalent of grants.	$3,000,000
• McDonald/Chevron Site 1117 Long Beach (56,609 sq. ft.) – capital improvements and infrastructure improvements to facilitate the housing component for development of a mixed-use facility, with approximately 30,000 sq. ft. of retail and 6-8 housing units. Development assistance is expected to be grants or the economic equivalent of grants.	$1,500,000

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Acquisition / Improvement	Estimated Agency cost to be paid in whole or in part from bond proceeds*
• SWC Compton/Central Project (86,332 sq. ft.) – land acquisition of a site to facilitate the housing component for development of a commercial and retail with housing mixed-use facility, with approximately 40,000 sq. ft. of retail and 35-50 housing units. Development assistance is expected to be grants or the economic equivalent of grants.	$10,000,000
• Morris Site, 1434 W. Compton Blvd. (32,538 sq. ft.) – land acquisition of a site to facilitate the housing component for development of a mixed-use facility, with approximately 20,000 sq. ft. of retail and 3-4 housing units. Development assistance is expected to be grants or the economic equivalent of grants.	$1,465,000
• 1716 East Rosecrans (approx. 7.33 acres) – land acquisition of a site to facilitate the housing component for development of a mixed-use facility, with approximately 100,000 sq. ft. of retail and 100-150 housing units. Development assistance is expected to be grants or the economic equivalent of grants.	$1,000,000
• MLK Transit Center – reconstruction of the MLK Transit Center, a public bus and rail transit station, and associated street improvements and bus cuing modifications - $14,500,000	

* The amounts listed represent only the Agency's portion of the total project costs. The remaining cost of each project will be funded by other sources available to the City.

The Agency will pay debt service on the proposed bonds from taxes ("tax increment revenues") allocated to the Agency pursuant to Section 33670(b) of the Law with respect to the Project Area. The total estimated amount of tax increment revenues allocated to the Agency from the Project Area necessary to pay debt service on the proposed bonds would be approximately $199.376 million (assuming an aggregate initial principal amount of approximately $93.485 million, an overall interest rate of 6.82 percent, and a term of the bonds of 32 years). To the extent that the proceeds of such bonds issued by the Agency are not sufficient to pay for all of the indicated costs of the above-described land and public capital improvements, the balance of such costs will be paid for using other funds available to the Agency or the City of Compton (the "City").

Facts Supporting Determinations

The Project Area is an area in which there exists a combination of conditions of blight that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a physical, social and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment. There exist buildings and structures in the Project Area that are used or intended to be used for living, commercial, industrial, or other purposes, but are unfit or unsafe to occupy for such purposes and are conducive to crime because of, among other things, inadequate provision for community facilities. The Project Area contains vacant and underutilized properties and properties which suffer from economic dislocation, deterioration or disuse, including depreciated or stagnant property values and impaired investments, and deteriorated, aged and obsolete buildings. The existence of inadequate public improvements and public facilities in the Project Area cannot be remedied by private or governmental action without redevelopment. The lack of adequate public improvements hinders economic development opportunities and contributes to the existence of depreciated and stagnant property values and impaired investments in the Project Area.

The north downtown master plan includes several elements to improve the community facilities available in the north downtown area. Reconstruction of the MLK transit center, a public bus and rail transit station, and construction of related street improvements will facilitate the quality, efficiency, and safety of the public in accessing public transit and will decrease the risk for collision and injuries. This project will improve the quality of life for the residents and business near the transit center and make the surrounding areas better places to live and work, enhance property value and attract development. The senior activities center and community center will provide seniors in the community a place to gather and facilities to enhance their mental and physical health and improved community facilities for the residents of all ages in the Project Area to gather and engage in social activities. The development of community facilities would attract private investment because the quality of life and standard of living are often among key factors in businesses' decision to locate in the Project Area. The proposed 4 level parking structure would additionally facilitate business development and help to alleviate a critical need for adequate parking in the north downtown area.

The City of Compton Performing Arts Center Project consists of the development of an approximately up to 5,000 seat performing arts center, ancillary facilities and associated parking. The City of Compton Performing Arts Center Project is currently in the conceptual phase of the development process, with project completion expected in late 2014.

The expansion and improvements to the various streets in the Project Area will accommodate the changing traffic demands and reduce safety concerns. These projects will improve access and traffic circulation, as well as visual appearance, making the Project Area a more desirable place to visit and conduct business and thereby enhancing its redevelopment.

The sports complex and park will provide community facilities and a place to gather socially for residents in the Project Area. Acquisition of a site to enable development of a minor league baseball stadium and little league baseball diamonds will provide give the residents, particularly youths, the opportunity to participate in sports and recreational activities within the community. Juvenile crime would decline because of the reduction of the available idle time and the refocusing of youthful energies. Additionally, the creation of a physically attractive environment for community sports activities would result in community pride which would spur home and community investment, and ultimately, raise the standard of living for everyone.

The existence of hazardous substances causes health concerns. It also diminishes the value of a property, as well as surrounding land and uses. Environmental remediation is often a costly endeavor for private property owners and the process may be prolonged or not undertaken at all without assistance from public agencies. The assistance to be provided by the Agency in environmental remediation will alleviate some of this burden and potentially speed up the clean-up process, thereby improving public health and welfare, preserving or increasing property value and promoting the retention of residents and businesses in the Project Area.

There are vacant and underutilized properties and properties which have fallen into deterioration or disuse throughout the Project Area. The Agency's acquisition and rehabilitation of such properties will encourage private sector investment and enhance residential and commercial development to address a lack of commercial facilities and affordable housing in the Project Area.

The budget constraints of the City and the extraordinary voter approval requirements applicable to traditional methods of financing (such as general obligation bonds and community facilities district special tax bonds) as a practical matter prevent the City from financing the above-described acquisition of land and installation and construction of improvements by any other means. No moneys of the City were, are or are reasonably expected to be available on a long-term basis under the budget of the City to pay for such acquisition, installation and construction. Traditional methods of financing such as the issuance of general obligation bonds are unavailable as a practical matter because of the extraordinary majority voter approval requirements of two-thirds of the electorate. Assessment financing or special tax financing could overburden benefiting properties with assessments or special taxes and, in addition, special taxes require a two-thirds vote and assessments are subject to a majority protest.

The above-described acquisition of property and construction and installation of public improvements are all consistent with the Agency's implementation plan.

Redevelopment Purpose; Elimination of Blight

The above-described acquisition of property and construction and installation of public improvements will serve a basic purpose of redevelopment. Redevelopment includes the provision of structures as may be appropriate or necessary in the interest of the general welfare. A fundamental purpose of redevelopment is to expand employment opportunities and to provide an environment for the social, economic and psychological growth and well-being of all citizens.

The above-described acquisition of property and construction and installation of public improvements will assist in the elimination of blight in the Project Area, which is caused by the lack of adequate public improvements, and will assist in the revitalization of the Project Area, improve the quality of life, help to reverse depreciated or stagnant property values and impaired investments, encourage private sector investment, create job opportunities, promote the economic viability of businesses in the Project Area, attract new businesses, assist in retaining existing businesses, and encourage business expansion, all for the health, safety and welfare of the residents and taxpayers of the Project Area and the City.

KatzHollis

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REPORT OF THE FISCAL CONSULTANT

Prepared for

the

COMPTON REDEVELOPMENT AGENCY

Los Angeles County, California

Relating to the

Compton Redevelopment Project Area

Compton Redevelopment Project
Second Lien Tax Allocation Bonds (Housing),
Series 2010A

Compton Redevelopment Project
Second Lien Tax Allocation Bonds,
Series 2010B

Compton Redevelopment Project
Second Lien Tax Allocation Bonds (Taxable),
Series 2010C

And
Compton Redevelopment Project
Second Lien Tax Allocation Bonds
(Federally Taxable – Build America Bonds – Direct Payment),
Series 2010D

Submitted by Katz Hollis

February 2010

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PART I

INTRODUCTION

The Compton Urban Community Development Commission, acting as Community Redevelopment Agency of the City of Compton, California (the "Agency") is considering the issuance of the Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing),Series 2010A, Second Lien Tax Allocation Bonds, Series 2010B, Second Lien Tax Allocation Bonds (Taxable), Series 2010C and Second Lien Tax Allocation Bonds (Federally Taxable – Build America Bonds – Direct Payment), Series 2010D (collectively the "Bonds") to finance activities in support of its Compton Redevelopment Project (the "Project"). In connection with the proposed pledge of tax increment revenue to the Bonds, the Agency has requested that Katz Hollis review current and historical taxable values and property tax revenues, review currently pending and recently resolved assessment appeals and estimate future tax increment revenues to be pledged to the Bonds. Pursuant to that request, Katz Hollis has prepared this Fiscal Consultant's Report (the "Report"). The key data for the Project is summarized in tabular format on Figure I-1, shown on the following page. This Report is organized into the following four parts:

<u>Part I, "Introduction"</u>, provides an outline of the Report and a summary of the Project including a Project Profile, Figure I-1.

<u>Part II, "Project Taxable Value and Tax Increment Revenue</u>", covers current and historic values, taxable value attributable to major assessees, currently pending and recently resolved assessment appeals, and information on the sources of tax increment revenues including unitary property taxes, and supplemental property taxes. An analysis describing the impacts of existing liens (other than bonded debt) on tax increment revenues including the low and moderate income housing set-aside and property tax administrative charges is also included in Part II.

<u>Part III, "Projection of Tax Increment Revenues</u>", includes a projection of future levels of taxable value for the Project and resultant tax increment revenues. Part III also discusses and demonstrates the impact of recently resolved assessment appeals on tax increment revenue of the Project. Part III also includes a brief discussion of the underlying assumptions of the projection.

<u>Part IV, "Background Information</u>", contains background information on the topics covered in Parts I through III of this Report. It has been prepared for those readers of the Report who may wish further information on the analysis and conclusions presented in prior sections. It also contains a description of legislation that requires the contribution of funds from redevelopment agencies to state school financing.

It should be noted that the value estimates and tax increment revenue projections in this Report are based upon information believed to be reasonable and accurate as of the date of this analysis. To the extent that current information is modified, resulting tax increment revenue may be other than that projected. The discussion of allocation procedures for property taxes contained in this Report is based largely upon information provided by representatives of Los Angeles County (the "County"). These procedures are in some measure set administratively and are subject to change. No proposed changes to these procedures, other than those discussed herein, have been identified to date.

KatzHollis
Compton Redevelopment Agency
February 23, 2010

Figure I-1

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Compton Redevelopment Project
PROJECT PROFILE

GENERAL INFORMATION

Date of Adoption:	Walnut Industrial Park	August 28, 1973
	Rosecrans	March 9, 1971
	Project Area A-1	December 19, 1991
Amdmts: Walnut Industial Park Only	1st	July 20, 1974
	2nd	December 1, 1976
	3rd	July 12, 1979
	4th	May 13, 1980
Walnut Industial Park/Rosecrans	5th (Merger)	December 10, 1991
	6th	December 27, 1994
	7th	December 16, 2003
	8th	December 22, 2009

Area:	2,638 Acres
Tax Increment Limit:	$1,900,000,000
Tax Increment Received Through 2008-09	$342,951,051
Bond Indebtedness Limit:	$500,000,000
Bond Indebtedness Outstanding as of August 2, 2009	*[To come]*
Time Limit on Debt Incurrence:	See Table I-2
Time Limit on the Effectiveness of the Redevelopment Plan:	See Figure I-2
Time Limit to Receive TI/Repay Indebtedness:	See Figure I-2

2009/10 REVENUE ESTIMATE (1)

Secured	2009/10 Value	Base Year Value	2009/10 Incremental Value
Land	$950,993,421	$160,061,087	$790,932,334
Improvements	1,079,652,400	182,658,614	896,993,786
Personal Property	19,770,497	9,021,960	10,748,537
: Exemptions	33,144,933	$11,297,846	21,847,087
Secured	2,017,271,385	340,443,815	$1,676,827,570
Unsecured			
Land	0	0	0
Improvements	95,293,839	21,786,068	73,507,771
Personal Property	185,269,459	88,352,107	96,917,352
Less: Exemptions	122,000	371,901	(249,901)
Total Unsecured	280,441,298	109,766,274	170,675,024
Total Value	2,297,712,683	450,210,089	1,847,502,594
Less: Resolved Appeal Valuation Reductions			14,642,000
Pending Appeal Valuation Reductions			21,093,096
Adjusted Incremental Secured and Unsecured			1,811,767,498
Gross Tax Increment Revenue			$26,378,103
Unitary Revenue			403,144
Less: Resolved Appeal Refunds			147,000
Pending Appeal Refunds			221,000
County Administrative Charge			535,625
Total Adjusted Tax Increment Revenue			**$25,877,622**
AB1290 Payments			1,189,378
Los Angeles County Tax Sharing			80,897
Net Tax Increment Revenue			**$24,607,346**
Housing Tax Increment Revenue			**$5,249,124**
Discretionary Tax Increment Revenue			**$19,358,222**

(1) Additional information is contained in Figure II-1.

ASSESSED VALUES/TAX RECEIPTS

Year	Historical Incremental Taxable Value	Original Levy	Levy Adjustment	Adjusted Receivable	Historical Receipts (2)
2005/06	1,169,153,334	17,392,361	(82,377)	17,309,984	17,545,461
2006/07	1,333,725,385	19,391,428	1,291,239	20,682,667	20,271,944
2007/08	1,559,701,196	23,067,913	465,365	23,533,277	22,872,615
2008/09	1,813,402,913	25,284,551	1,017,475	26,302,026	26,713,935

(2) Includes all current taxes and redemption payments collected.

Percentage Collection

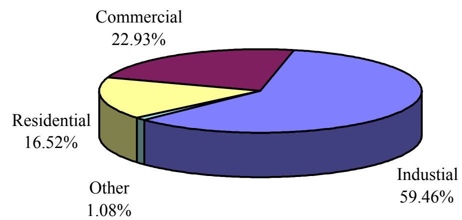
Year	Current Year Collections (3)	Collections including Prior Year (4)	
2005/06	97.3%	101.4%	(5)
2006/07	95.2%	98.0%	
2007/08	94.0%	97.2%	
2008/09	95.8%	101.6%	
Average Collections	**95.6%**	**99.5%**	

(3) All current year taxes collected.
(4) All current taxes and redemption payments collected.
(5) Less than all revenues collected were paid to the Agency. See Part II, "Project Tax Increment Receipts" for additional information.

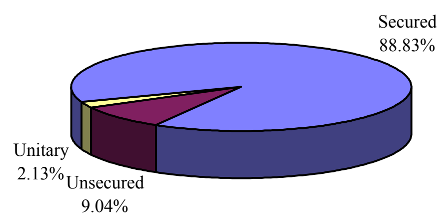
TAX SHARING PAYMENTS

Agreements with:
The Compton Unified School District
The County of Los Angeles
The Compton Community College District
The Project is subject to AB1290 Payments

Value Per Land Use*



Revenue By Type



* Land use distribution based on the 2009/10 Los Angeles County secured roll.

MAJOR APPEALS (6)

Resolved Assessee	2009/10 Value Impact	Estimated Refunds
Secured		
Los Angeles Industial Park, LLC	4,845,000	48,000
Walnut industrial Park, LLC	5,204,000	48,000
AMB Property LP	1,728,000	13,000
Christy Holdings LLC	768,000	8,000
909 S Central Ave LLC	807,000	7,000
McKinely M. Exum, M.D.	401,000	9,000
FTI Properties LLC	253,000	2,000
10 Other Under $500,000 Initial Value	636,000	12,000
Unsecured		
NONE	N/A	0
Estimated 2009/10 Impact	**$14,642,000**	**$147,000**

Pending Assessee	Estimated 2009/10 Value Impact	Estimated Refunds
Secured		
PRI Dominguez Hills IND CA, LLC	9,889,000	97,000
Prologis Exchange CA, LLC	4,794,000	47,000
Lionel & Nirmala Perera	1,778,096	17,000
310 Carob Street LLC	1,439,000	14,000
Sean Dayani	1,044,000	-
17 Other Under $2.0 Milllion Initial Value	2,149,000	21,000
Unsecured		
C-Native Exchange I, LLC	N/A	12,000
Elite Optical Group (A Corp)	N/A	7,000
Uniscoat Inc DBA Clearsight	N/A	5,000
Cho Ja Kwon	N/A	1,000
Estimated 2009/10 Impact	**$21,093,096**	**$221,000**

(6) See Part II, "Assessment Appeals" for additional information.

TEN MAJOR ASSESSEES

Assessee	Use/ Common Name	Amount	% of Project Value
PR I Dominguez Hills	Warehouse/Distribution/Park	$157,569,612	6.86%
AMB Property LP	Lgt. Manufacturing	129,953,549	5.66%
Ralphs Grocery Company	Food Procesing/Unsecured	94,469,781	4.11%
South Bay Industrials Co. LLC	Lgt. Manufacturing/Office	75,416,011	3.28%
Prologis California I LLC	Lgt. Manufacturing/Warehou	52,258,236	2.27%
Prism IQ Partners LLC	Shopping Center	45,153,740	1.97%
Los Angeles Industrial Park LLC	Light Mfg./Offices	44,789,217	1.95%
CCL Tube Inc.	Unsecured	35,813,501	1.56%
Inland Empire Realty Holding Co.	Warehousing/Parking	27,750,586	1.21%
NL Ventures VII Euclid LLC	Light Mfg./Distribution/Park	25,035,000	1.09%
	Total Major Assessees	$688,209,233	
	Total 2009/10 Project Value	$2,297,712,683	
	Percentage of 2009/10 Total Value		**29.95%**
	Percentage of 2009/10 Incremental Value		**37.25%**

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CHARACTERISTICS OF THE PROJECT

On December 19, 1991, the Agency merged two existing project areas, the Walnut Industrial Park Project Area (which is comprised of the Original Area, and several annexation areas, as discussed below) and the Rosecrans Project Area and expanded the merged project's boundary to include an area known as Project Area A-1 to create the Project.

The Project is comprised of approximately 2,600 acres of land. It is of a very irregular shape extending along most of the major commercial arterials of the City of Compton and encompassing the major industrial development along the City's southern border as well as the more centrally located civic center area.

As mentioned, the Walnut Industrial Park Project has been amended several times to add territory. Typically, each amendment to a redevelopment plan that adds territory will result in a sub area of a project for which tax increment is computed separately. Because of the timing of the amendments to the Walnut Industrial Park Project, or, more specifically, the effective dates of the City Council ordinances adopting the amendments, some of the added areas have the same base year for purposes of computing tax increment. This is shown on the following table.

	Ordinance Adoption Date	Ordinance Effectiveness Date	Preceding Equalization Date	Resulting Base Year
Original	August 28, 1973	September 27, 1973	August 20, 1973	1973-74
Amendment No. 1	July 20, 1974	August 19, 1974	August 20, 1973	1973-74
Amendment No. 2	December 1, 1976	December 31, 1976	August 20, 1976	1976-77
Amendment No. 3	July 12, 1979	August 11, 1979	August 20, 1978	1978-79
Amendment No. 4	May 13, 1980	June 12, 1980	August 20, 1979	1979-80

Given the adoption dates and the resulting base years for the amendments shown above, there should be four distinct annual computations of tax increment for the Project, one for each of the different base years. However, Amendments No.3 and No.4 are combined in County records for purposes of computing tax increment – as though the two amendments have the same base year. Representatives of the State Board of Equalization (responsible for creating the amendment areas in tax accounting records) and representatives of the County have not provided an explanation for the use of a 1979-80 base year for Amendment No. 3. In this Report, for purposes of estimating tax increment for the Project, we address only three sub areas of the Walnut Industrial Park Project; the Original Area; the 1976 Annex; and, the 1980 Annex (assumed, per County records, to be a combination of the territory added by Amendments Nos. 3 and 4).

The various time limits applicable to the sub areas of the Project are shown on Figure I-2. The time limits were established pursuant to the requirements of Assembly Bill 1290 (AB 1290), which became effective in 1994. Since the establishment of the limits there have been several amendments adopted by the Compton City Council that have modified or eliminated the initially adopted limits. Most recent among these changes are amendments undertaken per SB 1045 and SB 1096, which added Sections 33333.2 (c) and (d) to the California Community Redevelopment Law (the "CRL"). These sections enable the amendment of project deadlines for the effectiveness of the redevelopment plan and the receipt of tax increment for projects of redevelopment agencies that made deposits to the Educational Revenue Augmentation Fund (the "ERAF") during fiscal years when the state needed such deposits to assist in balancing the state's budget. SB 1045 allows the extension of the two deadlines by one additional year. SB 1096 allows extensions of up to two years but imposes restrictions on

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Figure I-2

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Compton Redevelopment Agency

Compton Redevelopment Project

AB 1290 TIME LIMITS FOR THE COMPTON REDEVELOPMENT PROJECT (1)

Sub Area	Date Adopted/ Amended	Limit on Debt Establishment	Limit on Plan Effectiveness	Limit on Receipt of Tax Increment
Walnut Industrial Park (Original Area)	August 28, 1973	None	August 28, 2016	August 28, 2026
Walnut Industrial Park (Amendment No. 1) (2)	July 20, 1974	None	July 20, 2017	July 20, 2027
Walnut Industrial Park (1976 Annex)	December 1, 1976	None	December 1, 2019	December 1, 2029
Walnut Industrial Park (Amendment No. 3) (2)	July 12, 1979	None	July 12, 2022	July 12, 2032
Walnut Industrial Park (1980 Annex)	May 13, 1980	None	May 13, 2023	May 13, 2033
Rosecrans	March 9, 1971	None	March 9, 2014	March 9, 2024
Project Area A-1	December 19, 1991	None	December 19, 2032	March 19, 2042

(1) Information provided by the Agency unless otherwise noted.
(2) Computed by KatzHollis. County tax records do not distinguish certain portions of the Amendments (see text of Part I for discussion).

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which projects, or sub areas of projects may be extended based on the dates of then existing limits and for younger projects, the compliance of an agency with several provisions of the CRL (e.g., the housing set-aside, the creation of replacement low and moderate income housing, the existence of an implementation plan for the project, etc.). All of the sub areas of the Project are eligible for, and have been amended to include, the one-year extension provided by SB 1045. All sub areas of the Project, except the Project A-1 sub area are eligible for and have been amended to include the two-year extension afforded by SB 1096. The dates shown on Figure I-2 include the adjustments made by these most recent amendments.

In addition to the time limits, the Project has dollar limits on the amount of tax increment revenue the Agency may realize and on the amount of bonds supported by tax increment that may be outstanding at any one time. The Agency's tax increment receipts from the Project are limited to $1.9 billion and the maximum amount of bonds outstanding is $500,000,000.

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PART II

TAXABLE VALUE, REVENUE AND TAX INCREMENT

INTRODUCTION

The following paragraphs provide summarized information regarding property tax valuation and revenues realized or to be realized for the Project in the current and past fiscal years. Much of the information regarding current year values and resultant revenues is presented on Figure II-1, "Estimate of Incremental Property Tax Revenue for Fiscal Year 2009-10". Additional specifics regarding the analyses and assumptions that underlie the information in this Part II can be found in Part IV, "Background Information".

TAXABLE VALUE

Historical and Current Taxable Value

The original statement of Project value is typically reported by the County in late September of each fiscal year and is based on the aggregation of parcel values in the Project as of August 20th of such year. Based on the County's original report of Project values for the 2009-10 fiscal year the total assessed value of the Project is $2.3 billion, representing an increase of $34.1 million (or 1.15%) over the value of the Project for 2008-09.

The Compton Redevelopment Project Area was created by merger of two redevelopment projects in mid-1991. At the time of the merger the Project was also amended to include additional territory. The base year for the area added by the amendment is 1991-92. For fiscal years 1992-93 and 1993-94, the current year value for the added area did not exceed the base year value for the area. The California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq*.), in its Section 33677, provides that tax increment for constituent areas of a project created through a merger or through an amendment to add territory should be computed separately. The existence of incremental value in a sub-area should not be offset by "negative" incremental value in another sub-area. As a result, the historical determinations of incremental value for the Project have contained arithmetic aberrations. Since fiscal year 1994-95 the current year value of Project 1-A has exceeded the base year value of the area and the incremental value of the area and the resultant revenues provide an arithmetically correct indication of the revenues to be generated from the entire area and tax base comprising the Project.

The historical trend of valuation changes for the Project is shown on Figure II-2, "Historical Taxable Value". As shown on Figure II-2, taxable value for the Project has increased from $1.62 billion in 2005-06 to $2.3 billion in 2009-10, an increase of approximately 9.14 percent.

Major Assessees

Figure II-3, "Ten Major Assessees" lists the ten major assessees in the Project and the total 2009-10 taxable value in the Project attributable to each assessee. As shown on Figure II-3, the cumulative taxable value of the ten major assessees represents 29.95 percent of the total taxable value of the Project and 37.25 percent of the 2009-10 incremental value of the Project.

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February 23, 2010

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Figure II-1

Compton Redevelopment Agency

Compton Redevelopment Project

ESTIMATE OF TAX INCREMENT REVENUES (1)

	2009/10 Taxable Value	Base Taxable Value	2009/10 Incremental Taxable Value
Secured			
Land	$950,993,421	$160,061,087	$790,932,334
Improvements	1,079,652,400	182,658,614	896,993,786
Personal Property	19,770,497	9,021,960	10,748,537
Gross Secured	$2,050,416,318	$351,741,661	$1,698,674,657
Less: Exemptions	33,144,933	11,297,846	21,847,087
Total Secured	$2,017,271,385	$340,443,815	$1,676,827,570
Unsecured			
Land	0	0	0
Improvements	95,293,839	21,786,068	73,507,771
Personal Property	185,269,459	88,352,107	96,917,352
Gross Unsecured	$280,563,298	$110,138,175	$170,425,123
Less: Exemptions	122,000	371,901	(249,901)
Total Unsecured	$280,441,298	$109,766,274	$170,675,024
Total Secured and Unsecured	**$2,297,712,683**	**$450,210,089**	**$1,847,502,594**
Less: Resolved Appeal Valuation Reductions (2)			14,642,000
Pending Appeal Valuation Reductions (2)			21,093,096
Adjusted Incremental Secured and Unsecured			$1,811,767,498
Gross Tax Increment Revenue @ 1.455932% (3)			26,378,103
Unitary Revenue (4)			403,144
Less: Resolved Appeal Refunds (2)			147,000
Pending Appeal Refunds (2)			221,000
County Administrative Charge (5)			535,625
Total Adjusted Tax Increment Revenue			**$25,877,622**
AB 1290 Payments			1,189,378
Los Angeles County Tax Sharing (6)			80,897
Net Tax Increment Revenue			**$24,607,346**
Housing Tax Increment Revenue			**$5,249,124**
Discretionary Tax Increment Revenue			**$19,358,222**

(1) Based on information provided by the County of Los Angeles.
(2) Assessment appeals impact based on information from the Los Angeles Assessment Appeals Board, as of October 1, 2009.
(3) 2009-10 Tax Rate excludes debt service tax rates levied by education districts.
(4) Estimated at the actual amount for fiscal year 2008-09, as reported in August 20, 2009.
(5) The property tax administrative charge is estimated at 2.0 percent of Total Gross Tax Increment Revenue.
(6) Computed assuming the provisions of former CRL Section 33676.

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Figure II-2

Compton Redevelopment Agency

Compton Redevelopment Project

HISTORICAL TAXABLE VALUE

	2005/06	2006/07	2007/08	2008/09	2009/10
Secured					
Land	$ 659,129,755	$ 737,384,121	$ 851,138,433	$ 919,922,094	$ 950,993,421
Improvements	738,315,751	787,282,719	938,637,550	1,094,935,461	1,079,652,400
Personal Property	27,574,657	24,053,008	19,668,007	20,173,529	19,770,497
Gross Secured	$ 1,425,020,163	$ 1,548,719,848	$ 1,809,443,990	$ 2,035,031,084	$ 2,050,416,318
Less: Exemptions	24,041,803	27,789,129	30,266,272	34,295,602	33,144,933
Total Secured	$ 1,400,978,360	$ 1,520,930,719	$ 1,779,177,718	$ 2,000,735,482	$ 2,017,271,385
Unsecured					
Land	0	0	0	0	0
Improvements	83,663,723	122,355,733	82,535,976	92,695,125	95,293,839
Personal Property	134,877,340	140,771,122	148,362,591	170,340,395	185,269,459
Gross Unsecured	$ 218,541,063	$ 263,126,855	$ 230,898,567	$ 263,035,520	$ 280,563,298
Less: Exemptions	156,000	122,100	165,000	158,000	122,000
Total Unsecured	$ 218,385,063	$ 263,004,755	$ 230,733,567	$ 262,877,520	$ 280,441,298
TOTAL PROJECT VALUE	**$ 1,619,363,423**	**$ 1,783,935,474**	**$ 2,009,911,285**	**$ 2,263,613,002**	**$ 2,297,712,683**
Percentage Increase/Decrease		**10.16%**	**12.67%**	**12.62%**	**1.51%**

(1) Values are as reported by the Los Angeles County Auditor-Controller.

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Figure II-3

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Compton Redevelopment Agency

Compton Redevelopment Project

TEN MAJOR ASSESSEES FOR FISCAL YEAR 2009/10 (1)

Rank	Major Assessees	No. of Assessments	Use	2009/10 Value	% of Project Value
1	PR I Dominguez Hills	19	Warehouse/Distribution/Parking	$ 157,569,612	6.86%
2	AMB Property LP	27	Lgt. Manufacturing	129,953,549	5.66%
3	Ralphs Grocery Company	11	Food Procesing/Unsecured	94,469,781	4.11%
4	South Bay Industrials Co. LLC	12	Lgt. Manufacturing/Office	75,416,011	3.28%
5	Prologis California I LLC	11	Lgt. Manufacturing/Warehousing	52,258,236	2.27%
6	Prism IQ Partners LLC	11	Shopping Center	45,153,740	1.97%
7	Los Angeles Industrial Park LLC	8	Light Mfg./Offices	44,789,217	1.95%
8	CCL Tube Inc.	1	Unsecured	35,813,501	1.56%
9	Inland Empire Realty Holding Co.	7	Warehousing/Parking	27,750,586	1.21%
10	NL Ventures VII Euclid LLC	11	Light Mfg./Distribution/Parking	25,035,000	1.09%
			TOTAL VALUE MAJOR ASSESSEES	**$ 688,209,233**	
			TOTAL 2009/10 PROJECT VALUE	**$2,297,712,683**	
			TOTAL % OF 2009/10 PROJECT VALUE		**29.95%**
			TOTAL % OF 2009/10 INCREMENTAL VALUE		**37.25%**

(1) Based on information provided by the County of Los Angeles. Includes all secured and unsecured value located within the Project Area attributable to each assessee.

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Assessment Appeals

Pending and recently resolved assessment appeals were reviewed in order to determine the potential impact on current and future Project value and tax increment revenue should appeals be resolved in favor of the assessees. The analysis of currently pending and recently resolved assessment appeals in the Project disclosed seventeen appeals that have recently been resolved, resulting in valuation reductions totaling $14.6 million and a collection of appeals pending hearing before the County Assessment Appeals Board that could result in reductions to Project value of an estimated $21.1 million.

Recently Resolved Appeals

The following table summarizes the recently resolved assessment appeals for the Project. It is assumed, based on the date of resolution for the listed appeals as shown in County records, that the 2009-10 values reported for the properties do not reflect the reductions occasioned by these appeals and that the 2009-10 value of the Project will be reduced by the amount of the Value Reduction shown below. It is also assumed that an amount equal to the refunds made to taxpayers for the properties will be deducted from 2009-10 revenues for the Project. The table includes the valuation reduction and the resulting refund due the assessee for each resolved appeal, given the assumption that the refund will cover taxpayer overpayments through 2008-09. The valuation reductions shown on the following table represent the change from current year (2009-10) roll value of the property.

RESOLVED ASSESSMENT APPEALS

Assessee	2009-10 Value Reduction	Estimated Refund
Secured		
Los Angeles Industrial Park, LLC	$4,845,000	$48,000
Walnut Industrial Park, LLC	5,204,000	48,000
AMB Property LP	1,728,000	13,000
909 S Central Ave LLC	807,000	7,000
Christy Holdings LLC	768,000	8,000
McKinely M. Exum, M.D.	401,000	9,000
FTI Properties LLC	253,000	2,000
10 Other Under $600,000 Initial Value	636,000	12,000
Unsecured		
None	N/A	0
TOTAL 2009-10 Estimated Impact	**$14,642,000**	**$147,000**

These recently resolved assessment appeals will result in a net refund due the taxpayers of $147,000. It is assumed that there will be a corresponding reduction of $147,000 in tax increment disbursements for the Project in fiscal year 2009-10. The impacts of the reduction of Project value and the refund of taxes that will result from the recently resolved assessment appeals are included in the estimate of Net Tax Increment Revenue for 2009-10 shown on Figure II-1.

Pending Assessment Appeals

There are also several pending assessment appeals. The pending appeals are assumed to be reduced by 25.7

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percent of assessed value, based on a review of historical reductions resulting from successful appeals in the Project since 2004. Based on a review of the County's historical timing of resolution of appeals in the Project, we have assumed that all appeals filed will impact 2009-10 Project value. The following table summarizes these appeals.

PENDING ASSESSMENT APPEALS

Assessee	Estimated 2009-10 Value Reduction	Estimated Refund if in 2009-10
Secured		
PRI Dominguez Hills IND CA, LLC	$9,889,000	$97,000
Prologis Exchange CA (9) LLC	4,794,000	47,000
Lionel & Nirmala Perera	1,778,000	17,000
610 Carob Street LLC	1,439,000	14,000
Sean Dayani	1,044,000	0
17 Other Under $2.0 Initial Value	2,149,000	21,000
Unsecured		
C-Native Exchange I, LLC.	N/A	12,000
Elite Optical Group (A Corp)	N/A	7,000
Uniscoat Inc DBA Clearsight	N/A	5,000
Cho Ja Kwon	N/A	1,000
TOTAL 2009-10 Estimated Impact	**$21,093,000**	**$221,000**

The estimated valuation impacts shown above represent the reduction in Project value that would occur given the resolution of each of these appeals in favor of the taxpayer. These amounts of impact would vary if the appeals are resolved in future fiscal years based on the application of inflationary factors (up to 2 percent per year) to the reduced taxable values. The total estimated refunds associated with pending appeals represents an estimate of the total refund for the prior fiscal years due to the taxpayers if the resolution of the appeals were to result in the valuation reduction estimates shown above. The amount of the refund due will increase annually, so long as the appeal is outstanding, by approximately one percent of the estimated valuation reduction.

For purposes of estimating Project revenue for fiscal year 2009-10, as shown on Figure II-1, we have included an adjustment to incremental assessed value of a combined $35.7 million to reflect the estimated impact of the identified resolved and pending appeals impacting fiscal year 2009-10 Project values. It is the current practice of the County to reduce Project tax revenue due the Agency by the amount of refunds due on resolved assessment appeals in the year of such resolution. Reductions reflective of the estimates provided above have been included in the revenue estimates of this Report.

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TAX REVENUE

The tax revenues in the Project consist primarily of tax increment revenues generated from the application of appropriate tax rates to the incremental taxable value in the Project. Other tax increment sources can include unitary property taxes, supplemental property taxes and state special supplemental subventions.

Tax Rates

Property tax rates levied in the Project include the basic one percent (1%) tax rate and debt service tax rates, the latter levied by various taxing entities, including the City of Compton, to repay voter-approved indebtedness but accruing to the Agency within the Project. Article XIIIA, enacted in 1978, effectively limited override tax rates to levels necessary to retire debt approved by the voters prior to July 1, 1978. On June 3, 1986, the California voters approved a constitutional amendment to Article XIIIA which allows the levy of an *ad valorem* property tax in excess of one percent to pay the interest and redemption charges on indebtedness approved by the voters on or after July 1, 1978, for the acquisition and improvement of real property. However, a constitutional amendment passed on November 8, 1988 authorizes the legislature to exclude redevelopment agencies from receiving tax revenues generated by such an override tax rate levied on or after January 1, 1989.

The 2009-10 secured tax rate, as shown below, is 1.531274 percent. The override taxing agencies as well as their respective override tax rates are also shown on the following table.

Taxing Agency	Tax Rate
City of Compton	0.451632
Compton Unified School District	0.062379
Compton Community College District	0.012963
Metropolitan Water District	0.004300
General	1.000000
Total	1.531274

Those portions of the override tax rate levied by the Compton Unified School District (CUSD) and by the Compton Community College District (CCCD) provide funds to cover debt service payments on bonds issued for the purpose constructing and renovating facilities. Authority for the levy was provided through voter approval of the issuance of bonds. Pursuant to Constitutional and statutory provisions, the taxes generated by application of these levies to incremental value in a redevelopment project are to be paid to the CUSD and CCCD and not included in tax increment paid to the Agency. As shown below, we have deducted a portion of the override rate to determine the applicable tax rate.

	Secured Tax Rate
Full Tax Rate	1.531274
CUSD Facility Levy	(0.062379)
CCCD	(0.012963)
Net Tax Rate	1.455932

The override tax rate levied by the City of Compton provides revenues to fund the City's annual contribution to a voter-approved pension fund for certain City employees. A tax rate of .501632 per $100 of assessed value is the maximum rate the City is allowed to levy under legislation enacted to regulate the levy of tax rates for

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pension purposes and the City levied the tax at the maximum rate in some years prior to 1992-93. In 1992-93 and every year since the tax rate levied by the City has been the .451632 per $100 of assessed value shown in the table above. Representatives of the City indicate that the rate is not anticipated to change in the foreseeable future. See "TAX REVENUE - Tax Increment and Tax Rates" in Part IV for additional information.

Unitary Property Taxes

Unitary property taxes for the Project are generated by certain properties of utilities within Los Angeles County. The revenues are allocated among taxing entities and redevelopment projects in the county according to formula. Shown on the following table, are annual unitary property tax receipts for the Project over the period analyzed from 2005-06 through 2008-09. See "TAX REVENUE - Unitary Property Taxes" in Part IV for additional information.

HISTORICAL UNITARY PROPERTY TAXES RECEIPTS

2005-06	$370,169
2006-07	$372,304
2007-08	$391,847
2008-09	$403,144

Supplemental Property Taxes

The Agency typically receives supplemental revenues on an annual basis. Supplemental property taxes are a function of new construction activity and transfers of ownership occurring in a project area after the March 1 property tax lien date (See "TAX REVENUE - Supplemental Property Taxes" in Part IV). Shown below are annual supplemental property tax receipts for the Project from 2005-06 through 2008-09.

Supplemental Receipts

2005-06	$754,528
2006-07	$3,181,210
2007-08	$918,274
2008-09	$848,490

State Special Supplemental Subventions/Business Inventory Replacement Revenue

Special Subvention revenues are moneys received by the Agency from the State of California as replacement for property taxes formerly generated by business inventory properties. Revenues due the Project are computed annually by the California State Controller's office. Per the computation used in the annual determination, the Agency is to receive the lesser of: 1) the remainder of subtracting local supplemental revenues (as discussed above) received by the Project from the Project's total subvention entitlement of $________; and, 2) the amount by which maximum annual debt service on certain of the Project's bonds exceeds non-housing tax increment generated for the Project. Although the Agency has received payments in former fiscal years based on the provisions of the subvention legislation there have been no payments made to the Agency in recent fiscal years.

The Bonds are not eligible for the use of Special Subvention revenues as part of the security for the payment of debt service.

ADJUSTMENTS TO TAX INCREMENT REVENUE

The pledge of tax increment revenues toward the payment of debt service on the Bonds may be subject to adjustments to tax increment described below.

Property Tax Administrative Costs

The County currently reduces the amount of total tax increment revenue allocated to the Agency from the Project to cover property tax administrative costs. Legislation enacted in 1990, Senate Bill (SB) 2557, and in 1992, SB 1559, authorizes county auditors to determine property tax administrative costs proportionately attributable to local jurisdictions and, for the 1990-91 and 1991-92 fiscal years, to invoice the jurisdictions for such costs. Commencing in the 1992-93 fiscal year, the amounts due as local agencies' contribution to covering county administrative costs are to be allocated to the county as part of the overall system for the redistribution of property taxes (as opposed to being paid pursuant to invoices). SB 1559 expressly included redevelopment agencies as jurisdictions that are to be charged for property tax administrative costs. The County administrative fee for the Project for fiscal year 2008-09 was $288,682 approximately 1.05 percent of Project revenue. For purposes of estimating the administrative fee for 2009-10 and subsequent fiscal years we have used 2.00 percent of then current year revenue. See "ADJUSTMENTS TO TAX INCREMENT REVENUE - Property Tax Administrative Charges" in Part IV for additional information.

Low and Moderate Income Housing

The Project is comprised of five sub-areas: the Original Area, the former Rosecrans Project Area, the 1976 Annex, the 1980 Annex and Project Area A-1, added at the time the Project was merged. Because of the dates of creation of the various sub-areas of the Project, and because the Project is a merged project, three distinct provisions of the Redevelopment Law regarding the set aside of tax increment for housing purposes apply. All of the provisions require the set-aside of twenty percent (20%) of Project tax increment for purposes of increasing, improving or preserving the City of Compton's supply of low and moderate income housing. However, each of these provisions allows at least one form of deferral, reduction or elimination of the set-aside for a given fiscal year. The Agency has, in some earlier fiscal years, used some of these means of reducing or delaying the set-aside of tax increment from the Project. Since the 1993-94 fiscal year, the Agency has set aside a full twenty percent of Project tax increment for low and moderate income housing purposes. Agency staff indicate that the Agency will no longer seek to reduce or defer the annual set-aside amount.

The estimates of tax increment included in this Report are based on the assumption that the Agency will continue to deposit a full twenty percent of Project revenue in a housing fund created to meet the requirements of state law.

Additional discussion of applicable low and moderate income housing statutes is provided in "ADJUSTMENTS TO TAX INCREMENT REVENUE - Low and Moderate Income Housing" in Part IV of this report.

Tax Sharing Payments

The Agency has entered into agreements with three affected taxing entities, the County, the Compton Community College District and the Compton Unified School District, that provide for payments to the entities from tax revenues generated in the Project Area 1-A sub-area of the Project. The payments to be made pursuant to the agreements are expressly subordinate to debt service payments on Agency obligations such as the Bonds and estimates of payments for the 2005-06 and future fiscal years have not been included in the estimates of tax revenue in this Report. For more discussion of the agreements' provisions see "ADJUSTMENTS TO TAX INCREMENT REVENUE – Tax Sharing Agreements" in Part IV.

The County has annually deducted amounts from the revenues generated in the 1980 Annex sub area of the Walnut Industrial Park Project. On remittance advices that the County provides when disbursing funds to the Agency these deductions are identified as Annual Inflationary Growth (33401). Section 33401 is now a defunct provision of the CRL but formerly provided for the creation of tax sharing agreements between redevelopment agencies and taxing entities affected by the adoption of redevelopment projects that provided for mitigation of the impact through tax sharing payments. The Agency agreements discussed above with the County, the Community College District and the Unified School District were entered into pursuant to the provisions of Section 33401.

Neither Agency nor County representatives have been able to produce documentation of the arrangement that allows the County's deduction of payments from the 1980 Annex. Review of recent years' deductions indicates that the payments are in amounts that change from year to year in the same manner as payments made pursuant to former Section 33676 of the CRL. Such payments are commonly referred to as "2% payments" because they allow a taxing entity to receive payments based on Proposition 13's 2% inflationary increase in the base year assessed value of a redevelopment project. In order to reflect the County's annual deduction from the 1980 Annex we have incorporated estimates of the deduction for the current and future fiscal years of the Project based on computations that assume the use of Section 33676 provisions.

AB 1290 Payments

The Redevelopment Plan for the Project has been amended to eliminate the time limit for the incurrence of debt. Per provisions of Section 33607.7 of the Health and Safety Code, which was added by AB 1290, the Project will be providing statutory payments to affected taxing agencies whose jurisdictions include the Project Area and with whom the Agency does not have a tax sharing agreement. Payments for the Rosecrans Project and for the original area and all annexes of the Walnut Industrial Project commenced in 2005-06. Payments for the Project A-1 will commence in 2011-12. Estimates of the AB 1290 payments are included in the tables of this Report portraying 2009-10 revenues and in the projection of future tax revenues provided in Part III. Additional information regarding computation of the AB 1290 payments can be found in Part IV, "ADJUSTMENTS TO TAX INCREMENT REVENUE - AB 1290 Payments".

LOS ANGELES COUNTY ALLOCATION ADJUSTMENTS

The major component of the allocation procedures that impact the Agency's receipt of tax increment revenues from the Project is the County's current policy of allocating estimated tax increment revenues with offsets for taxable value adjustments, for refunds of taxes as a result of successful assessment appeals, for delinquencies, and for administrative charges.

Project Tax Increment Receipts

Tax receipts for the Project were reviewed in order to analyze collection trends. This review revealed the collection trends shown below for fiscal years 2005-06 through 2008-09 when compared to original levies. The effects on collection percentages of redemption payments received each year are also identified to indicate whether delinquencies in tax payments are being cured on a consistent basis.

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PERCENTAGE COLLECTIONS

Fiscal Year	Current Year Collections	Collections Including Redemption Payments
2005-06	97.3%	101.4%
2006-07	95.2%	98.0%
2007-08	94.0%	97.2%
2008-09	95.8%	101.6%
Average Collections	95.58%	99.55%

The percentage collections shown above represent the revenues paid by taxpayers to the County, not necessarily the revenues realized by the Agency. In the 2005-06 fiscal year the Agency did not receive all of the tax increment revenues generated in the Project because the indebtedness reported by the Agency as outstanding for the Project was less than the total of revenues generated. By law, the Agency may not be allocated more revenues than indebtedness outstanding. In all subsequent fiscal years the receipts of the Agency equaled the receipts realized by the County.

The revenue estimate shown on Figure II-1 has not been adjusted to reflect potential property tax payment delinquencies.

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PART III

PROJECTION OF TAX INCREMENT REVENUES

INTRODUCTION

The estimates of future taxable values and revenues for the Project presented as Figure III-1 are provided as an indication of the effect of pending instances of assessment changes and as a model of the future effects of some of the factors discussed in this Report. The estimates of annual value and revenue are constructed through a method that attempts to include only existing or imminent instances of changes in values or revenues. As such, the projection is an indication of the effects of less than the full universe of elements that can affect the generation of future revenues in the Project.

PROJECTION OF TAXABLE VALUES

Estimates of future taxable values for the Project have been prepared by applying assumed trends of growth to existing (2009-10) value for the Project and deducting the impact of the resolution of pending assessment appeals. No value that may be added by changes of ownership or new construction has been included in the projection.

Taxable Value Trends

Real property values included on Figure III-1 are comprised of locally assessed secured and unsecured land and improvement values. Real property values that do not change ownership or are newly constructed are allowed to increase by an inflationary adjustment of up to two percent annually. The projection shown on Figure III-1 assumes an inflation factor of two percent for all years included.

Other property values included on Figure III-1 represent the taxable value of secured and unsecured personal property and the value of non-unitary, state-assessed properties. No inflationary trend has been applied to Other Property value.

Reductions for Assessment Appeals

The values shown on Figure III-1 have been adjusted to reflect the potential impact on Project values of the resolution of assessment appeals. The 2009-10 value for the Project has been reduced by approximately $31.6 million to reflect the combined adjustments that will occur as a result of recently resolved appeals and the resolution of pending appeals that are outstanding. The impact from pending appeals is based on the assumptions that all of the pending appeals will be resolved in favor of the taxpayer and that the resulting reduction in Project value will equal 25.7% of each property's pre-appeal value - the average reduction for appeals of Project property values since 2004.

TAX INCREMENT REVENUE

Tax increment revenue shown on Figure III-1 has been calculated by applying applicable tax rates to the incremental taxable value of the Project. Tax rates used for fiscal years after 2009-10 include only the basic, 1% tax rate and the rate levied by the City of Compton to fund its pension obligation. The pension rate is $0.451632 per $100 of assessed taxable value. It is assumed that in future years, the pension levy would remain constant at its 2009-10 level. Rates levied by other taxing entities are not assumed in future fiscal years.

Estimates of unitary revenues have been added to the tax increment revenue generated by applying the applicable tax rates to the incremental taxable value of the Project. Based on County records, unitary revenue attributable to the Project for 2008-09 is $403,144. Unitary property taxes in fiscal year 2009-10 and subsequent fiscal years have been held constant at the 2004-05 amounts.

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2% Growth Assumption
Figure III-1

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Compton Redevelopment Agency

Compton Redevelopment Project (Merged Project)

PROJECTION OF TAX INCREMENT REVENUE *

(000'S omitted)

	Fiscal Year		(1) Total Value	Incremental Value	(2) Gross Tax Increment Revenue	(3) County Admin Charge	(4) AB 1290 Payments to Taxing Entities	(5) Los Angeles County Tax Sharing	**(6) Net Tax Increment Revenue**	(7) Housing Tax Increment Revenue	Discretionary Tax Increment Revenue
1	2009-10		2,261,978	1,811,768	26,781	536	1,189	81	**24,607**	5,249	19,358
2	2010-11		2,303,119	1,852,909	27,301	546	1,253	85	**25,417**	5,351	20,066
3	2011-12		2,345,083	1,894,873	27,910	558	1,363	88	**25,900**	5,470	20,430
4	2012-13		2,387,886	1,937,676	28,531	571	1,476	92	**26,393**	5,592	20,800
5	2013-14		2,431,546	1,981,335	29,165	583	1,590	96	**26,895**	5,716	21,179
6	2014-15		2,476,078	2,025,868	29,811	596	1,707	100	**27,407**	5,843	21,564
7	2015-16		2,521,501	2,071,291	30,471	609	1,895	105	**27,862**	5,972	21,890
8	2016-17		2,567,833	2,117,623	31,143	623	2,086	109	**28,325**	6,104	22,221
9	2017-18		2,615,091	2,164,881	31,829	637	2,282	113	**28,798**	6,239	22,559
10	2018-19		2,663,295	2,213,085	32,529	651	2,481	117	**29,280**	6,376	22,905
11	2019-20		2,712,462	2,262,252	33,243	665	2,684	122	**29,772**	6,516	23,256
12	2020-21		2,762,613	2,312,403	33,971	679	2,891	127	**30,274**	6,658	23,615
13	2021-22		2,813,767	2,363,557	34,713	694	3,138	131	**30,749**	6,804	23,946
14	2022-23		2,865,944	2,415,734	35,471	709	3,391	136	**31,235**	6,952	24,282
15	2023-24	(8)	2,919,165	2,468,954	36,243	725	3,648	141	**31,729**	7,104	24,626
16	2024-25		2,882,486	2,437,090	35,779	716	3,750	146	**31,168**	7,013	24,155
17	2025-26	(9)	2,936,043	2,490,648	36,556	731	4,008	151	**31,666**	7,165	24,501
18	2026-27		1,638,644	1,354,880	19,796	396	1,803	156	**17,441**	3,880	13,561
19	2027-28		1,669,626	1,385,862	20,245	405	1,939	161	**17,740**	3,968	13,772
20	2028-29		1,701,228	1,417,463	20,704	414	2,078	167	**18,045**	4,058	13,987
21	2029-30	(10)	1,733,461	1,449,697	21,172	423	2,220	172	**18,357**	4,150	14,207
22	2030-31		1,554,413	1,296,534	18,900	378	1,896	178	**16,448**	3,704	12,744
23	2031-32		1,583,845	1,325,965	19,327	387	2,021	183	**16,736**	3,788	12,948
24	2032-33	(11)	1,613,865	1,355,986	19,763	395	2,150	189	**17,029**	3,873	13,155
25	2033-34		1,023,318	784,508	11,392	228	1,544	-	**9,620**	2,233	7,387
26	2034-35		1,042,432	803,623	11,669	233	1,646	-	**9,790**	2,287	7,502
27	2035-36		1,061,929	823,120	11,952	239	1,750	-	**9,963**	2,343	7,620
28	2036-37		1,081,816	843,006	12,241	245	1,857	-	**10,139**	2,399	7,740
29	2037-38		1,102,100	863,291	12,535	251	1,965	-	**10,320**	2,457	7,863
30	2038-39		1,122,791	883,981	12,836	257	2,076	-	**10,503**	2,516	7,988
31	2039-40		1,143,895	905,085	13,142	263	2,188	-	**10,691**	2,576	8,115
32	2040-41		1,165,421	926,611	13,455	269	2,303	-	**10,882**	2,637	8,245
33	2041-42	(12)	1,187,377	948,567	13,773	275	2,456	-	**11,042**	2,700	8,342
TOTALS					**794,348**	**15,887**	**72,724**	**3,146**	**702,224**	**155,692**	**546,532**

(*) Deadlines for the receipt of tax increment include effect of ordinances per SB1045 and SB1096, as applicable. See Figure I-1, for more information.

(1) Real property in the Project is assumed to grow at 2% annually. 2009-10 Total Value reduced by approximately $36.7 million to reflect assessment appeals impact.

(2) Gross Tax Increment includes the reported 2008-09 Unitary Revenue amount.

(3) The property tax administrative charge is based on 2 percent of Gross Tax Increment and Unitary Revenue.

(4) Because the Project was amended in to remove the Limit on Debt Establishment, AB1290 Payments commence in Fiscal Year 2005-06 for the Walnut Industial Park and Rosecrans Project Sub Areas, and in 2011-012 for the Project Area A-1. These payments are only for taxing entities that do not have existing Tax Sharing Agreements.

(5) Computed assuming the provisions of former CRL Section 33676.

(6) Net Tax Increment Revenue has been adjusted for Resolved and Pending Assessment Appeals Refunds, $79,000 and $378,000, respectively.

(7) Housing set-aside computed as 20% of Gross Tax Increment minus County Administrative Charge.

(8) Time limit for Rosecrans to receive tax increment to repay indebtedness (Mar. 9, 2024).

(9) Time limit for Wal. Ind. Park to receive tax increment to repay indebtedness (Aug. 28, 2026).

(10) Time limit for Wal. Ind. 76 to receive tax increment to repay indebtedness (Dec. 1, 2029).

(11) Time limit for Wal. Ind. 80 to receive tax increment to repay indebtedness (May 13, 2033).

(12) Time limit for Project Area A-1 to receive tax increment to repay indebtedness (Mar. 19, 2042).

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The estimates of Figure III-1 do not include any supplemental property taxes that may result from instances of new construction or changes in ownership that occur on other than the tax lien date for each fiscal year.

Total tax revenue estimates shown for 2009-10 and thereafter are based on the assumption that the County will receive revenues equivalent to 100 percent of the tax levy in the Project. Except as discussed below, offsets to revenue resulting from delinquencies, refunds for resolved and/or pending assessment appeals, impounds or other factors impacting collections of property tax revenues have not been assumed.

ADJUSTMENTS TO TAX INCREMENT REVENUE

In order to determine the net tax increment revenue available for debt service, total tax increment revenues have been reduced by the estimated annual amounts of Adjustments to Tax Increment Revenue. Potential Adjustments to Tax Increment Revenue include property tax administrative costs and property tax refunds.

Property Tax Administrative Costs

The amount to be deducted by the County from 2009-10 tax revenues in the Project for property tax administrative costs is estimated to be $535,358, two percent of gross Project revenues. Administrative costs for future fiscal years are also computed as two percent of Project revenues.

Property Tax Refunds

During the current or future fiscal years, the property tax receipts of the Project may be reduced as a result of the County's practice of reducing disbursements of tax increment revenue to the Agency by the amount of taxpayer refunds necessitated by the resolution of assessment appeals. Such reductions resulting or to result from currently identified assessment appeals in the Project Area are included on Figure III-1 in the 2009-10 fiscal year.

Tax Sharing Payments

The projection includes payments made to the County based on deductions that the County has annually made from the revenues of the 1980 Annex sub area of the Walnut Industrial Park. The estimates of the payments are based on the assumption that the payments are based on the County's share of revenues generated by the 2% annual adjustments to the sub area's base year assessed value allowed by Proposition 13. Other tax sharing agreements between the Agency and the County, the Unified School District and the Community College District all provide for the subordination of payments to debt service on Agency borrowings, such as the Bonds. Payments are therefore not included in the projection.

AB 1290 Payments

Annual revenue amounts have been reduced by estimates of payments the Agency will make pursuant to AB 1290. See Parts II and IV for further discussion.

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PART IV

BACKGROUND INFORMATION

INTRODUCTION

This Part IV contains background information on the topics covered in Parts I through III of this Report. It has been prepared for those readers of the Report who may wish further information on the bases for the analysis and conclusions presented in prior sections.

PROJECT AREA TAXABLE VALUE

Pursuant to provisions of the California Constitution and the California Revenue and Taxation Code, county assessors are directed to determine the full cash value of locally-assessed real and personal property as of January 1 of each year. Locally assessed property is classified as either secured or unsecured. The secured classification includes property on which the property tax levied becomes a lien on the property to secure payment of the taxes. Property taxes levied on unsecured property do not become a lien against the unsecured property, but may become a lien on other property owned by the taxpayer. The State Board of Equalization ("SBE") is charged with assessing the value of state-assessed properties as of January 1 of each year. (All state-assessed property is classified as secured property.) Taxable property is assessed at 100 percent of its full cash value as defined by the California Constitution.

Locally Assessed Values

Real property is comprised of locally assessed secured and unsecured land and improvements. Pursuant to Article XIIIA of the California Constitution (effective as of the 1978-79 fiscal year) and Section 51 of the Revenue and Taxation Code, the taxable value of real property is limited to the lesser of actual market value or the 1975-76 value (the "base assessment value") compounded by an inflation factor of up to 2 percent annually. A new base assessment value is determined in instances of new construction or changes of ownership, which may result in increased property values, in the year of the occurrence, above the 2 percent annual inflation factor.

Other property values are comprised of locally assessed secured and unsecured personal property. The taxable value of personal property is based on its full cash value and may be revalued annually without regard to the annual 2 percent inflation limitation imposed by Article XIIIA.

State Board of Equalization Values

The SBE determines the annual taxable value of real and personal property of state-assessed utilities. The SBE determines the value of both unitary and non-unitary property of utilities. The taxable value of unitary properties is based on the unit valuation of all properties utilized statewide in the primary function of a utility. Non-unitary properties are assessed by the SBE but are not part of the primary function of the utility.

Following the passage of Proposition 13 adding Article XIIIA to the California Constitution, the SBE determined that the provisions of that Article requiring a "roll back" of real property values to their 1975-76 values and a constraint on inflationary growth of 2 percent per year did not apply to state-assessed property. This interpretation has been upheld by the California Supreme Court (*ITT World Communications, Inc. vs. City and County of San Francisco, et al, 37 Cal. 3d 859 - January, 1985*). Consequently, state-assessed property

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may be revalued annually, and such assessments are not subject to the annual 2 percent inflation limitation of Article XIIIA.

Prior to the 1988-89 fiscal year, the SBE reported the value of each utility within each individual tax rate area to the auditor-controller of each county. Assembly Bill ("AB") 454 (Chapter 921, Statutes of 1987) revised the method of reporting and allocating property taxes generated from state-assessed properties so that only the taxable value of non-unitary properties and unitary railroad properties are reported for each tax rate area. As a result, the taxable value of the Project does not include most state-assessed unitary property. The Agency does receive an allocation of property taxes generated from state-assessed unitary property taxes, a description of which is included below in the "Project Area Tax Revenue" section of this Part IV.

Assessment Appeals

An assessee of locally assessed or state-assessed property may contest the taxable value enrolled by the county assessor or by the SBE, respectively. The assessee of state-assessed property or locally assessed personal property, the valuation of which is subject to annual reappraisal, actually contests the determination of the full cash value of property when filing an assessment appeal. Because of the limitations to the determination of the full cash value of locally assessed real property by Article XIIIA, an assessee of locally assessed real property generally contests the original determination of the "base assessment value" of the parcel (i.e., the value assigned after a change of ownership or completion of new construction). In addition, the assessee of locally assessed real property may contest the current assessment value (the base assessment value plus the compounded annual inflation factor) when specified conditions have caused the full cash value (i.e., market value) to drop below the current assessment value.

At the time of reassessment, after a change of ownership or completion of new construction, the assessee may appeal the base assessment value of the property. Under an appeal of a base assessment value, the assessee appeals the actual underlying market value of the sales transaction or the recently completed improvement. A base assessment appeal has significant future revenue impacts because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the 2 percent inflation factor, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Pursuant to Section 51(b) of the Revenue and Taxation Code, the assessor may place a value on the tax roll lower than the compounded base assessment value if the full cash value of real property has been reduced by damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a decline in the value. Reductions in value pursuant to Section 51(b), commonly referred to as Proposition 8 appeals, can be achieved by a taxpayer either by formal appeal or administratively by assessor staff appraising the property. A reduced full cash value placed on the tax roll does not change the base assessment value. The future impact of a parcel subject to a Proposition 8 appeal is dependent upon a change in the conditions that caused the drop in value. In fiscal years subsequent to a successful Proposition 8 appeal, the assessor may determine that the value of the property has increased as a result of corrective actions or improved market conditions and enroll a value on the tax roll up to the parcel's compounded base assessment value.

Appeals of the taxable value for Project assessments could potentially lower taxable values, as currently reported, thereby reducing tax increment revenues. For this reason, currently pending and recently resolved

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assessment appeals filed by taxpayers in the Project were reviewed. The results of this review are discussed in Part II of this Report.

The taxable value of utility property may be contested by utility companies and railroads to the SBE. Typically, the impact of utility appeals is on the statewide unitary value of a utility as determined by the SBE. As a result, the successful appeal of a utility may not impact the taxable value of the Project but could impact the Project's allocation of unitary property taxes.

It should also be noted that the potential appeals impact as shown in the analyses in Section II of this Report, is based on estimated valuation reductions for each of the contested parcels. Actual impacts to tax increment revenues are dependent upon the actual revised value, if any, of assessments resulting from values determined by the Los Angeles County Assessment Appeals Board or through litigation, and upon the timing of successful appeals. The actual valuation impact to the Project from a successful assessment appeal will occur on the assessment roll next prepared after the actual valuation reduction.

TAX REVENUE

Pursuant to Article XVI, Section 16 of the California Constitution and Section 33670 of the California Health and Safety Code, redevelopment agencies are eligible to receive that portion of levied property taxes that are in excess of levied property taxes generated from the application of tax rates to the base year value of redevelopment project areas. The primary source of the excess property taxes (the "tax increment") is dependent on the total taxable value of a project area. In addition, tax increment may also be generated from property tax sources, which are not included in the current taxable value of a project area, but may be directly or indirectly related to current or past taxable values. These sources include unitary property taxes and supplemental property taxes.

Tax Increment and Tax Rates

By subtracting the base year value of a project area from the total taxable value of secured and unsecured real and personal property, the county auditor-controller determines the incremental taxable value of a project area. The resultant tax increment revenue is determined by applying applicable tax rates to the incremental taxable value.

The tax increment revenues of the Project are computed using tax rates comprised of a "basic" rate ($1.00 per $100 of taxable value) and of debt service tax rates levied for purposes of repaying voter-approved debt, as prescribed by Article XIIIA. Except for recently approved debt service levies, as discussed below, the revenues generated by the application of such rates to incremental assessed value in redevelopment projects accrue to redevelopment agencies instead of the levying entity. Debt service tax rates (rates in excess of $1.00 per $100 of taxable value) typically decline each year. A declining debt service tax rate is the result of several factors: an effective limit from July 1, 1978 until June 3, 1986 established by Article XIIIA (and since amended, as discussed below) on the amount of property taxes that can be levied (equal to the annual obligations on indebtedness approved by the voters); rising taxable values within the jurisdictions of taxing entities levying the approved debt service tax 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 indebtedness.

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On June 3, 1986, California voters approved a constitutional amendment to Article XIIIA that allows, by a two-thirds vote, the levy of an ad valorem property tax in excess of 1 percent to pay debt service on indebtedness for the acquisition and improvement of real property approved on or after July 1, 1978. Further, a constitutional amendment approved by voters on November 8, 1988 and implementing legislation, AB 89 (Chapter 250, Statutes of 1989), added subdivision (e) to Section 33670. The new subdivision excludes from the calculation of tax increment revenues property taxes generated by any new voter-approved bonded indebtedness approved on or after January 1, 1989.

As mentioned on Part II, the tax rate includes an override rate levied by the City of Compton to fund its obligation to employee pension funds. Pension contributions that were approved by a municipality's electorate prior to July 1, 1978, have been determined to be "voter-approved indebtedness" for which a tax rate in excess of the basic tax rate may be levied (item (5) of Section 2270 of the Revenue and Taxation code). This determination led to the disclosure that some municipalities had neglected to identify the existence of such levies prior to Proposition 13 and to the apprehension that municipalities generally would shift the totality of their annual pension contribution to the property tax, thereby frustrating the tax limitation intent of the Proposition.

To thwart this possibility, the California legislature enacted law which provides that any taxing entity that levies a rate for pension purposes in excess of the rate levied in 1983-84 would forfeit, on a dollar for dollar basis from revenues derived from the basic tax levy, an amount equal to the revenue raised from the increase in the pension levy. This effectively "froze" the pension levy rates at their 1983-84 levels, removing them from the typical declining trend of other override rates (unless the annual pension requirement would decline or grow at a slower rate than the revenues generated by the pension levy). The tax rates utilized on Figure III-1 to calculate tax increment revenues do not reflect any increases in tax rates.

The Compton Unified School District and the Compton Community College District levy debt service tax rates to cover debt service on several series of bonds issued to provide public facilities. These debt service tax rates are not used in the determination of tax increment to be received by the Agency from the Project. All override tax rates, except that levied by the City to fund its pension requirements are excluded from the estimates of tax revenue for years following 2009-10 in this Report.

Unitary Property Taxes

Prior to 1988-89, the SBE reported the value of each utility within each individual tax rate area to the auditor-controller of each county. AB 454 (Chapter 921, Statutes of 1987) revised the method of reporting and allocating property tax revenues generated from most state-assessed unitary properties beginning with the 1988-89 fiscal year. Under AB 454, the state reports to each county auditor-controller only the countywide unitary taxable value of each utility, without an indication of the distribution of the value among tax rate areas. AB 454 provides two formulas for auditor-controllers to utilize to determine the allocation of unitary property taxes derived from county-wide unitary value, as described below:

1) For revenue generated from the basic 1 percent tax rate, each jurisdiction, including redevelopment project areas, is to receive up to 102 percent of its prior year unitary property tax revenue. If countywide revenues generated from unitary properties are greater than 102 percent of prior year revenues, each jurisdiction receives a percentage share of the excess unitary revenues equal to the percentage of each jurisdiction's share of secured property taxes.

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2) For revenue generated from the application of the debt service tax rate to countywide unitary taxable value, each jurisdiction, including redevelopment project areas, is to 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.

The provisions of AB 454 apply to all state-assessed property except railroads and non-unitary properties. Non-unitary valuation continues to be allocated to individual tax rate areas. Railroad unitary property, as of the 2007-08 fiscal year, is subject to the provisions of AB 2670 (Chapter 791, Statutes of 2006). AB 2670 treats railroad unitary property in a manner very similar to the treatment of utility unitary property under AB 454. All railroad unitary value within a county, except for a portion of the value of certain facilities constructed after 2006, is assigned to a single tax rate area. The revenues generated by the application of tax rates to this value is distributed among the other tax rates of the county by the same formula as specified by AB 454 – with two modifications. First, AB 2670 requires that school entities be allocated the same percentage of taxes from railroad values that they received in the prior fiscal year. Second, the bill provides that no revenue is to be allocated to redevelopment agencies for the 2007-08 fiscal year. Generally, Chapters 921 and 791, except for the exclusion of redevelopment agencies from a year of revenue, allow valuation growth or decline of state-assessed unitary property to be shared by all jurisdictions within a county.

Supplemental Property Taxes

Senate Bill ("SB") 813 (Chapter 498, Statutes of 1983) added sections 75 through 75.13 to the Revenue and Taxation Code, which provide for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the property tax lien date next following the change, and thus delayed the realization of increased property taxes from the new assessment. As enacted, SB 813 provided increased revenue generated from the supplemental assessment of property to be allocated exclusively to school districts for the 1983-84 and 1984-85 fiscal years. That provision was amended by SB 794 (Chapter 447, Statutes of 1984) such that only supplemental property tax revenues collected for 1983-84 were to be allocated exclusively to school districts. As a result of SB 794, applicable legislation now provides that the supplemental revenues are to be allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes.

Tax Increment and Indebtedness Limits

As shown on Figure I-1, the tax increment limit for the Project is $1.9 billion. The limit on the amount of bonded indebtedness that can be outstanding at any one time for the Project is $500 million.

ADJUSTMENTS TO TAX INCREMENT REVENUE

Property Tax 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. As enacted, SB 2557 appeared to exclude redevelopment agencies from either a reduction in tax increment revenues or a charge for a county's property tax administration costs. SB 1559 (Chapter 697, Statutes

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of 1992) clarified the provisions of SB 2557 as they relate to redevelopment agencies. In addition to including redevelopment agencies among entities subject to the property tax administration charge, SB 1559 also provides that amounts due as local agencies' contribution for such charge are to be allocated to the county as part of the overall system for the redistribution of property taxes (as opposed to being paid pursuant to invoices). The property tax administrative charges are included as a deduction to tax increment revenues on estimates provided in this Report.

Low and Moderate Income Housing

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the Health and Safety Code, requiring redevelopment agencies to set-aside 20 percent of all tax increment allocated to redevelopment project areas adopted after December 31, 1976, into a low and moderate income housing fund. As provided by Section 33334.2, the low and moderate income housing requirement can 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; 2) that some stated percentage less than 20 percent of the tax increment revenues is sufficient to meet the housing need; or 3) that other substantial or equivalent efforts, including the obligation of funds of equivalent impact from state, local and federal sources for low and moderate income housing are being provided for in the community.

As amended by AB 315 (Chapter 872, Statutes of 1991), Section 33334.2 restricts the ability to reduce or eliminate the low and moderate income housing requirement. A community can claim that no need exists, or can claim that less than 20 percent of tax increment revenue is sufficient, only if that claim is consistent with the housing element of the community's general plan. As of June 30, 1993, communities may no longer claim an "equivalent effort" exemption except for obligations incurred prior to May 1, 1991 that were entered into with the understanding that the "equivalent effort" exemption would remain intact.

AB 265 (Chapter 1135, Statutes of 1985) amended Section 33334.3 and added Sections 33334.6 and 33334.7 to extend the requirement for redevelopment agencies to set aside 20 percent of allocated tax increment revenue into a low and moderate income housing fund to redevelopment project areas adopted prior to January 1, 1977, beginning with fiscal year 1985-86 revenues. An agency may make the same findings described above to reduce or eliminate the low and moderate income housing requirement for a "pre-1977" project area.

The Agency has reduced its deposits to the Project's housing fund based on findings that other funds of the Agency and City constituted an equivalent effort for the purposes of housing as would result from the set-aside of tax increment. As of the 1993-94 fiscal year, the Agency has, however, set-aside the full 20 percent for housing. It is the indication of Agency staff that the set-aside will continue at the 20 percent level for future fiscal years.

For pre-1977 project areas, an agency may also reduce its low and moderate income housing deposit requirement in any fiscal year that an agency finds that the reduction is necessary to make payments on "existing obligations", i.e., indebtedness incurred prior to January 1, 1986, and, for fiscal years through 1995-96 only, to fund the orderly and timely completion of "public and private projects, programs or activities" approved by the Agency prior to January 1, 1985. Eligible obligations and programs under AB 265 must be included on a statement of existing obligations and/or a statement of existing programs adopted by September 1, 1986 and describing each such obligation, project, program and activity.

Should an eligible agency defer the low and moderate income housing requirement, the amount equal to the difference between the 20 percent requirement for a given year and the amount deposited that year shall

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constitute a deficit in the housing fund and an indebtedness of the project area. An agency, per the legislation, is required to adopt a plan to eliminate the cumulative deficit created by such shortfalls in subsequent years.

As a merged redevelopment project, the Project is also subject to the provisions of Section 33487 of the Redevelopment Law. Section 33487 requires the set-aside of 20% of tax increment from a merged project for housing purposes but makes the set-aside subject to the requirements for compliance with bond resolutions or other agreements existing prior to the merger and pledging taxes from the project areas comprising the merged project. If, as a result of meeting such prior obligations, the set-aside is less than 20% of project revenue, a deficit is created in the housing trust fund of the merged project in the amount of the shortfall. Until any such deficit is eliminated, the agency shall not incur any new obligations pledging tax revenues of the merged project.

The original Walnut Industrial Park Project, the 1976 Annex and the Rosecrans Project were adopted prior to January 1, 1977, and are therefore subject to the requirements of Chapter 1135. The Agency has adopted statements of existing obligations and programs pursuant to Chapter 1135. The effect of the Agency's adoption of a statement of existing obligations and programs is that the Agency could reduce its deposit of tax increment revenues into the low and moderate income housing fund for these areas due to payments for existing obligations. The authority for deferral to allow for payments for Agency programs or activities expired in 1995. Also, because the Project is a merged project, the Agency could defer the set-aside of funds for housing in order to meet obligations existing prior to the merger. It is our understanding that, except for the equivalent effort funding mentioned earlier, the Agency has not reduced or deferred the housing set-aside pursuant to the provisions of Chapter 1135 nor Section 33487.

Tax Sharing Agreements

The Agency has entered into agreements with taxing entities whose jurisdictions include the area annexed to the Project at the time of the 1991 amendment and merger of the former project areas. There are three such agreements – with the County, with the Compton Unified School District (CUSD) and with the Compton Community College District (CCCD).

The Agency's agreement with the County was entered into on June 9, 1992 according to a copy of the agreement obtained from the Agency. The County agreement provides for payments to the County based on the amount of tax increment generated in the area added by the 1991 amendment (the "Amendment Area'). The payments are equal to the tax increment generated in the Amendment Area, less the housing set-aside (twenty percent of revenues) and less the County administrative fee times the percentage that represents the County's share of taxes generated by the 1%, general tax rate for the area contained in the Amendment Area and specified in the County agreement as fifty-two and twenty-two hundredths percent (52.22%). The County agrees to defer the payments due it under the County agreement. The deferral amount is to be used by the Agency for its redevelopment activities in the merged project area and be considered a loan by the County to the Agency. The deferral amount is to accrue interest at seven percent (7%) per annum. The Agency is to use its best efforts to repay the deferral amount prior to the fortieth (40th) year following the adoption of the 1991 amendments.

Per the County agreement, the repayment of the deferral amount is subordinated to any Agency pledge of tax revenues from the Project to secure long-term indebtedness to parties other than the City or any Agency-controlled entity. The County agreement further provides that the Agency agrees that it will "responsibly incur debt with the consideration for the full repayment" of the deferral amount by the fortieth year following the amendment of the redevelopment plan.

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Per representatives of the County, the deferral amount outstanding as of the end of the 2008-09 fiscal year, including accrued interest, is approximately $20.6 million.

The Agency's agreements with the CUSD and CCCD were both entered into in 1993 and initially had identical provisions as to the determination of payments to be made to the two Districts. Each is to annually receive its share of taxes (based on each District's participation in the 1% tax levy) generated by the inflationary adjustment of base year taxable values within the Amendment Area, plus thirty percent (30%) of each District's share of all tax increment generated by the 1% tax levy against all incremental value in the Amendment Area (less the payment based on the inflationary adjustment of values). The amounts generated by the payments are to be held by the Agency and, along with any investment earnings thereon, be expended on "Mutually Beneficial Projects".

The agreement with CCCD has since been amended to provide that the Agency annually make any payments due directly to the CCCD – as opposed to being held by the Agency.

As is the case with the County agreement, the Districts subordinate their right to payment under their agreements to the Agency's pledge of revenues from the Project to long-term indebtedness. The Districts are to be notified of pending issuance of long-term debt and the Agency is to certify that such debt can be repaid "without demand being made on the payments due under the agreements".

The County has annually deducted amounts from the revenues generated in the 1980 Annex sub area of the Walnut Industrial Park Project. On remittance advices that the County provides when disbursing funds to the Agency these deductions are identified as Annual Inflationary Growth (33401). Section 33401 is now a defunct provision of the CRL but formerly provided for the creation of tax sharing agreements between redevelopment agencies and taxing entities affected by the adoption of redevelopment projects that provided for mitigation of the impact through tax sharing payments. The Agency agreements discussed above with the County, the Community College District and the Unified School District were entered into pursuant to the provisions of Section 33401.

Neither Agency nor County representatives have been able to produce documentation of the arrangement that allows the County's deduction of payments from the 1980 Annex. Review of recent years' deductions indicates that the payments are in amounts that change from year to year in the same manner as payments made pursuant to former Section 33676 of the CRL. Such payments are commonly referred to as "2% payments" because they allow a taxing entity to receive payments based on Proposition 13's 2% inflationary increase in the base year assessed value of a redevelopment project. In order to reflect the County's annual deduction from the 1980 Annex we have incorporated estimates of the deduction for the current and future fiscal years of the Project based on computations that assume the use of Section 33676 provisions.

AB 1290 Payments

Pursuant to law prior to 1994, taxing entities, by adopting a resolution prior to a redevelopment plan adoption, were able to receive revenues generated by the inflationary growth of assessed value in newly adopted redevelopment projects (former Section 33676). Also, the law allowed redevelopment agencies to make payments to affected taxing entities to mitigate the fiscal impact to such agencies as the result of a redevelopment plan adoption (former Section 33401). The resolutions that allowed the use of Section 33676 provisions are commonly referred to as 2% resolutions. The payments using Section 33401 were typically made pursuant to agreements between agencies and a taxing entities commonly referred to as "pass-through" agreements.

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AB 1290 repealed the provisions that enabled 2% resolutions and pass-through agreements. Pass-through agreements and 2% resolutions that pre-date AB 1290 will continue in effect but new (i.e., post January 1, 1994) activities of agencies that may have allowed the agreements or resolution are instead subject to a statutory tax increment sharing formula. AB 1290 payments are paid based on increases in revenue at several periods over the term of a project area's receipt of tax increment. The payments are in amounts determined per the following formulas:

(1) Commencing with the first fiscal year a project receives tax increment and continuing to the last fiscal year of such receipt, the Agency shall pay to the affected taxing entities an amount equal to 25 percent of the tax increments received by the Agency after deduction the amount required to be deposited in the Low and Moderate Income Housing Fund.

(2) Commencing with the 11th fiscal year and continuing through the last fiscal year in which the Agency receives tax increment, the Agency shall pay to the affected taxing entities, in addition to the amounts paid pursuant to item (1) above and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 21 percent of the portion of tax increments received by the Agency.

(3) Commencing with the 31st fiscal and continuing through the last fiscal year in which the Agency receives tax increments, the Agency shall pay to the affected taxing entities, in addition to the amounts paid pursuant to items (1) and (2) above and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 14 percent of the portion of tax increments received by the Agency.

The agency's legislative body (city council or board of supervisors) may elect to receive its share of payments generated by the first tier of payments. It is unclear whether second and third tier payments are reduced by the legislative body's share or if that share is distributed among the other taxing entities. For purposes of estimating AB 1290 payments in this report, we have assumed that there will be no reduction of the second and third tier payments.

Agencies may request the subordination of the AB 1290 payments to debt secured by a project's revenue. The request must be made prior to incurring the debt and is to be accompanied by substantial evidence that anticipated debt service and revenues will still allow the projected payments to the taxing entities to be made. An affected taxing entity may disapprove the agency's request within forty-five days of its receipt only if the entity finds, based upon substantial evidence, that the agency will not be able to pay both debt service and the payment due the taxing entity. Absent such disapproval the subordination is deemed approved.

Pursuant to Section 33607.7 of the Health and Safety Code, a redevelopment plan amendment for any redevelopment plan adopted prior to January 1, 1994 that increases the limitation on the number of dollars to be allocated to the redevelopment agency or the time limit on the establishing of loans, advances and indebtedness must begin making statutory payments to affected taxing entities that do not have existing tax sharing agreements. These payments are the same as those described above but use the fiscal year containing the previous debt incurrence limit as the base year for computing taxing entity payments. Payments are to begin in the fiscal year following the fiscal year containing original plan limit.

The Redevelopment Plan has been amended to eliminate the time limit for the incurrence of debt in all sub areas of the Project. As a result, the Project will be providing statutory payments as described above to affected taxing agencies whose jurisdictions include the Project Area and with whom the Agency does not have a tax sharing agreement. Payments will commenced in 2005-06 for the Rosecrans portion of the Project and for the Walnut

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Industrial portion (including all annexes). AB 1290 payments from Project Area A-1 will commence in 2011-12.

Agencies may request the subordination of the AB 1290 payments to debt secured by a project's revenue. The request must be made prior to incurring the debt and is to be accompanied by substantial evidence that anticipated debt service and revenues will still allow the projected payments to the taxing entities to be made. An affected taxing entity may disapprove the agency's request within forty-five days of its receipt only if the entity finds, based upon substantial evidence, that the agency will not be able to pay both debt service and the payment due the taxing entity. Absent such disapproval the subordination is deemed approved.

It is our understanding that the Agency will not request the subordination of AB 1290 payments to debt service on the Bonds.

Estimates of the AB 1290 payments due from the Project are included in the estimates of revenue provided in Part II and Part III of this Report.

TAX ALLOCATION PROCEDURES OF LOS ANGELES COUNTY

Tax Increment Revenue

The County reports preliminary taxable values for redevelopment project areas by category in August of each fiscal year. Estimates of the amount of property tax revenues to be generated by the Project for a given tax year are typically prepared by the County in late September or early October.

When computing tax increment revenues, the County subtracts the base year taxable value from the current year taxable value for each tax rate area comprising a redevelopment project to arrive at incremental taxable value by tax rate area. Secured and unsecured tax rates are applied to incremental taxable values by tax rate area, and the resulting revenues are then aggregated to arrive at the total tax increment revenues due a given redevelopment project area and annexed area(s), if applicable, of a redevelopment project.

Tax Receipts

Based upon the County's most recent tax allocation schedule, 35 percent of the secured tax increment revenues are paid in December, followed by a 5 percent payment in January and the estimated balance of first installment (December 10) tax collections in late February. By April, 75 percent of the total adjusted tax levy would have been allocated to the Agency. Taxes from the second installment (April 10) tax collections are apportioned in May. After the close of the fiscal year, final tax revenues due to the Agency are determined and allocated in July and August.

Unsecured tax revenues are allocated in three payments, beginning with 80 percent paid in November. Allocation of the subsequent balance of unsecured tax collections is generally made in March. After the close of the fiscal year, a final tax payment is made in August of the following fiscal year.

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The County adjusts its allocation of taxes to reflect delinquencies within a redevelopment project area. As a result, tax receipts have varied from anticipated levies for redevelopment projects in Los Angeles County. These variations can also be attributable to successful assessment appeals or to roll changes, which can either increase or decrease a project area's taxable value. These changes also have a corresponding impact on tax revenues received by an agency. The findings of a review of the Project's tax collections are presented in Part II.

LEGISLATION

LAUSD Lawsuit

In March of 2007 the Los Angeles Unified School District (LAUSD) filed suit in Superior Court alleging that Los Angeles County and certain redevelopment agencies and other public entities in the County, including the Agency (collectively, the County), have underallocated the LAUSD share of AB 1290 tax sharing payments (discussed above). The suit seeks to have the shares reallocated among the affected taxing entities to include a share representative of the Educational Revenue Augmentation Fund (ERAF), which share, or a substantial portion thereof, would be allocated to LAUSD.

The County prevailed at the Superior Court level on the question of the LAUSD share of the AB 1290 payments but that decision has been reversed by an opinion of the appellate court filed January 27, 2010. The appellate court finds that, "LAUSD's pass-through payments have been based on an erroneous calculation of its percentage share of property taxes."

The lawsuit and the opinion of the appellate court does not affect the total amount of AB 1290 payments that must be paid by the Agency and, therefore, requires no changes in the estimates of revenue included in this Report. Rather, the current opinion would require the reallocation of AB 1290 payments among the entities receiving the payments. Other, non-fiscal impacts of the appellate courts opinion could include: some uncertainty as to the entities that would be required to subordinate to agencies debt service on bonds, as allowed by AB 1290 (which has no effect with regard to the Bonds); and, whether entities sharing in the funds allocated from the ERAF would become "affected taxing entities" in the adoption or amendment of redevelopment plans.

On February 10, 2010, the County filed a petition for rehearing by the appellate court and the court, in turn, has requested that LAUSD file an answer to the petition.

The California State Budget and the ERAF

2008-09

On September 30, 2008 the governor signed the budget passed by the California legislature for the state's 2008-09 fiscal year. The provisions that determined the resources to be used in covering budgeted costs included taking $350 million from the state's redevelopment agencies in the form of payments made to the Educational Revenue Augmentation Fund (ERAF) in May of the 2008-09 fiscal year. The California Redevelopment Association (the "Association") prepared estimates of the impact of the budget proposal on individual redevelopment agencies. Per the Association's estimate the Agency would be liable for a contribution to ERAF

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in the amount of $1,697,718. This is an "Agency-wide" obligation that in past instances has been distributed among most but not all of the Agency's redevelopment projects.

The Association and two redevelopment agencies filed suit against the state in Sacramento Superior Court, alleging that the diversion of redevelopment funds to balance the state's budget is not a constitutionally permitted use of tax increment funds. The court agreed and in a judgment signed in April of 2009 forbade any of the defendants (who included all of the county auditor-controllers in the state) from taking any actions to require the payments included in the legislation implementing the 2008-09 state budget. As a result, no redevelopment agency funds were diverted to the ERAF for the 2008-09 fiscal year. The State Department of Finance, which was the primary respondent to the lawsuit, filed notice in May of 2009 that it would appeal the Superior Court's decision.

In late September, 2009, the Association distributed the news that the State Attorney General had informed the Association and the court that the State had abandoned its appeal of the April decision. As a result, the court's decision will stand and redevelopment agencies will not need to make the $350 million payment to the ERAF included in the State's 2008-09 budget.

2009-10 and 2010-11

One of the bills passed by the Legislature and signed by the governor to implement the 2009-10 state budget includes provisions for the diversion of redevelopment funds for the 2009-10 and 2010-11 fiscal years. The statewide diversion for the 2009-10 fiscal year is $1.7 billion of which the Agency's share, as estimated by the Association, is $8,246,059 million. The diversion for 2010-11 is $350 million of which the Agency's share is $1.7 million.

The provisions for the transfer of money are generally similar to prior years' arrangements for the movement of funds to the ERAF: funds are due by May 10 of the applicable fiscal year; the responsibility for the payment falls to an agency's legislative body (city council or board of supervisors) if the agency finds that it cannot make the payment because of existing indebtedness; and, agencies that do not make the payment are subject to severe curtailment of their activities (commonly referred to as the "death penalty"). A change from earlier years is the provision that the money paid by redevelopment agencies is to be deposited in a "Supplemental" ERAF. Expenditure from the Supplemental ERAF are to be constrained to the support of schools located in a project area of the agency or attended by pupils from a project area. This restriction is ostensibly an attempt to counter the court's finding regarding the 2008-09 budget provision – that the funds would be used for purposes not authorized by the constitution.

The Association has challenged the constitutionality of the new budget provisions as it did with those for 2008-09. Provided below is an excerpt from the Association's Executive Director's Update dated February 5, 2010.

"CRA's lawsuit against the State of California for attempting to take $2.05 billion from redevelopment agencies was heard today in Sacramento Superior Court before Judge Lloyd Connelly. A similar and related case against the State brought by Los Angeles County was heard at the same time. The judge rendered no decision.

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During the proceeding, the Court's questions centered around whether the State's take of funds would provide any benefit to schools, whether the take of funds was a valid use of redevelopment funds under Article XVI, Section 16 of the state constitution, and whether the State's action violates Proposition 13 (1978) and Proposition 1A (2004).

The Court asked attorneys to prepare additional briefing material on any cases having to do with cities or counties supplanting general fund monies with redevelopment funds to support regular services in violation of law.

This additional information must be provided by February 23 and both sides have until March 2 to respond to the other's briefs. The judge is then expected to take the case under submission and he will have 90 days in which to rule. CRA is hopeful the Court will decide the case in April to give agencies notice whether payments due May 10 will have to be made. In the meantime, CRA urges all agencies not to make any payments before the deadline."

Our understanding is that, if the payments are required by the court, the Agency will fund the SERAF payments for 2010 and 2011 from the proceeds of the Bonds.

APPENDIX B

THE CITY OF COMPTON

The information in this Appendix B concerning the City is provided as supplementary information only. ***The Bonds are special obligations of the Agency and as such are not a debt of the City of Compton (the "City") or the State of California (the "State") or any of its political subdivisions (other than the Agency), and neither the City, the State or any of its political subdivisions (other than the Agency) is liable for the payment thereof. In no event shall the Bonds be payable out of any funds or properties other than the funds set forth in the Trust Agreement. The Agency has no taxing power.*** *See "SECURITY FOR THE BONDS."*

General Description

Centrally located between the greater Los Angeles and Long Beach metropolitan areas, the City encompasses approximately 10 square miles. The City is one of the oldest cities in the county and was founded in 1887 by a group of settlers led by Griffin Dickson Compton and William Morton. It was officially incorporated on May 11, 1888. The City is the home of the first greyhound racing track, as well as the home of the first international air show in the United States.

From 2005 to 2009, the City's population grew from 98,470 to 99,431. Today, the City is a community consisting of commercial, residential and light industrial areas. Several freeways and highways cross through the City, making it accessible for industrial, manufacturing, and commercial enterprises. In addition, the City is within a short distance of several major national and international airports.

MUNICIPAL GOVERNMENT

General

The City operates under a City Charter with a Council-Manager form of government. The four City Council members are elected to four-year terms in alternate slates of two and two every second odd-numbered year with the Mayor being elected every four years. The Mayor is elected from the City at large and is the presiding officer of the City Council. The Mayor has a voice and vote in all proceedings. The current Mayor is Eric J. Perrodin, who was elected to a four-year term commencing June 1, 2009.

The members of the City Council and the expirations of their respective terms are as follows:

CITY OF COMPTON
CITY COUNCIL

Name	Title	Term Expires
Eric J. Perrodin	Mayor	June 30, 2013
Barbara J. Calhoun	Councilmember	June 30, 2011
Lillie Dobson	Councilmember	June 30, 2013
Yvonne Arceneaux	Councilmember	June 30, 2013
Dr. Willie O. Jones	Councilmember	June 30, 2011

The City Council appoints the City Manager, who heads the executive branch of the government, implements City Council directives and policies and manages the administrative and operational functions through the various department heads, who are appointed by the City Manager. Charles Evans has served as City Manager, since June 2007. Rico Smith and David Hewitt have served as Assistant City Managers since June 2007.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Introduction

The demographic and economic information provided below has been collected from sources that the City has determined to be reliable. Because it is difficult to obtain complete and timely regional economic and demographic information, the City's economic condition may not be fully apparent in all of the publicly available regional economic statistics provided herein.

Population

The State Department of Finance estimated the population of the City to be 99,431 in 2009. This represents increases of approximately 4.25% since 2000 and 6.51% since 1990. The following table summarizes the City's population history during the years 1990 and 1995-2009.

TABLE 1
CITY, COUNTY AND STATE POPULATION STATISTICS

Year	City of Compton	Los Angeles County	State of California
1990	93,352	8,863,052	29,758,213
1995	91,128	9,103,900	31,617,000
1996	93,268	9,104,700	31,837,000
1997	94,487	9,147,100	32,207,000
1998	95,452	9,225,800	32,657,000
1999	96,847	9,330,100	33,140,000
2000	95,381*	9,519,330	33,873,086
2001	94,579*	9,663,491	34,441,561
2002	95,987	9,829,725	35,088,671
2003	97,022	9,980,168	35,691,534
2004	97,924	10,101,547	36,252,878
2005	98,470	10,191,080	36,743,186
2006	99,078	10,257,994	37,195,240
2007	99,451	10,331,939	37,662,518
2008	98,674	10,301,658	37,883,992
2009	99,431	10,393,185	38,292,687

Source: California Department of Finance
* The population figures for 2000 and 2001 include a readjustment by the State Department of Finance using the 2000 United States decennial census as the benchmark for the estimates.

Employment

The annual average civilian labor force in the City increased to 36,400 in 2008, an approximate 8.66% increase from an average of 33,500 in 2000. The following table summarizes the labor force, employment and unemployment figures over the past five years for the City and the State.

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TABLE 2
CITY OF COMPTON
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Calendar Years 2000 through 2008

	Labor Force	Employment	Unemployment	Unemployment Rate
2000				
Compton	33,500	30,400	3,100	9.2%
California	16,857,500	16,024,300	833,200	4.9
2001				
Compton	34,100	30,800	3,300	9.6
California	17,152,100	16,220,000	932,100	5.4
2002				
Compton	34,400	30,500	3,900	11.4
California	17,330,700	16,168,200	1,162,500	6.7
2003				
Compton	34,400	30,400	4,000	11.7
California	17,403,900	16,212,600	1,191,300	6.8
2004				
Compton	34,400	30,600	3,800	11.0
California	17,499,600	16,407,900	1,091,700	6.2
2005				
Compton	34,400	31,300	3,100	9.0
California	17,695,600	16,746,900	948,700	5.4
2006				
Compton	34,700	31,800	2,900	8.5
California	17,907,200	17,029,900	877,300	4.9
2007				
Compton	35,300	32,200	3,100	8.9
California	18,188,100	17,208,900	979,200	5.4
2008				
Compton	36,400	31,700	4,800	13.1
California	18,391,800	17,059,600	1,332,300	7.2

Source: State of California Employment Development Department.

Major Employers

The following table presents major private sector employers in the City. There are also significant public sector employers such as the City of Compton, the Compton Unified School District (the "School District"), Compton Community College District (the "College District"), and the County.

TABLE 3
MAJOR PRIVATE SECTOR EMPLOYERS 2009

Company	Employees
L.A. County Superior Court	1,300
Ralph's Grocery Company	1,185
California Casino Mgt., Inc.	600
Belkin Components Inc.	500
Intercontinental Art	400
City of Compton	350
Leslie Lock Inc.	350
Waste Management	330
ADVO Inc.	300
Kraco Enterprises Inc.	300
Con Agra Foods	250
Head West Inc.	250
Dameron Alloy Foundries	225
USF Bestway Inc.	220
CCL Plastic Packaging	180
Continental Forge Co.	168
Aurora World Inc.	160
Orange Plastics Inc.	150
Fibernetics Inc.	150
L.A. County Sanitation Districts	150
Magnadyne Corp.	130
Beauchamp Distributing Co.	130
Newport	125
Daewoo Motors America Inc.	115
Bowman Plating Co.	115
National Fire Hose Corp	110
De Menno-Kerdoon	105
Cal State Steel Corp.	100
Executive Office Concepts	100
UMA Enterprises	100
Towne Advertiser's Mailing Svc	100
Ambassador Sales Co	100

Source: City of Compton

Effective Buying Income

"Effective Buying Income" is defined as money income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Money income is the aggregate of wages and salaries, net farm and non-farm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling and other periodic income. Deducted from this total money income are personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied non-business real estate.

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The following table summarizes the median effective buying income for the City, the County and the State for calendar years 2004 through 2008. Demographics USA estimated median household effective buying income is to be $34,002 for Compton in 2008.

TABLE 4
CITY OF COMPTON, LOS ANGELES COUNTY AND THE STATE OF CALIFORNIA
TOTAL EFFECTIVE BUYING INCOME 2004-2008

	2004	2005	2006	2007	2008
City of Compton	$29,249	$30,262	$30,730	$32,378	$34,002
Los Angeles County	38,311	39,414	40,020	41,683	43,710
California	42,924	43,915	44,681	46,275	48,203

Source: *Survey of Buying Power*, Sales & Marketing Management Magazine for years 2002 to 2005 and *Demographics USA* for year 2006 to 2008.

Retail Sales

Total taxable retail sales from all outlets increased approximately 55.3% from 2004 to 2008. The following table shows the taxable retail sales in the City for calendar years 2004 through 2008.

TABLE 5
CITY OF COMPTON
TAXABLE RETAIL SALES
(Valuations in Thousands of Dollars)
(Calendar Years 2004 through 2008)

	2004	2005	2006	2007	2008
Taxable Retail Sales	$239,584	$257,320	$271,493	$308,822	$372,203

Source: Taxable Sales in California, California State Board of Equalization.

Construction Activity

Table 6 sets forth the number of residential building permits issued for the City for calendar years 2004 through 2008.

TABLE 6
BUILDING PERMITS COMPTON, CALIFORNIA 2004-2008

Year	Single Family Units	Multi Family Units	Total Units
2004	33	7	40
2005	121	31	152
2006	19	15	34
2007	29	10	39
2008	143	14	159

Source: *Construction Industry Research Board*.

Table 7 sets forth the breakdown of permit valuation by type of construction for the City for calendar years 2004 through 2009.

TABLE 7
CITY OF COMPTON
BUILDING PERMIT VALUATION BY TYPE OF CONSTRUCTION*

Type	2004	2005	2006	2007	2008	2009
Residential(1)	$14,201,300	$29,457,100	$48,591,300	$14,381,195	$26,961,695	$5,978,119
Non-Residential(2)	14,981,100	11,234,700	17,525,700	51,148,153	17,867,269	6,243,411
Total Valuations	$29,182,400	$40,691,800	$66,117,000	$65,529,348	$44,828,964	$12,221,530

* Figures rounded to nearest hundred.
(1) Includes single family, multi-family and alterations and additions.
(2) Includes new commercial, new industrial, other new non-residential and alterations and additions.
Sources: *Construction Industry Research Board (2004 – 2009)*; *City of Compton Building and Safety Department – (2006-2007).*

Community Facilities

The City contains several hospitals, theaters and other recreational venues, including the Compton Par 3 Golf Course and the Compton/Woodley Airport that offers flight training programs for adults and youth as well as access to the Tomorrow's Aeronautical Museum.

Transportation

The City is known as the "Hub City" because of its unique position in almost the exact geographical center of the Los Angeles basin. Five freeways outline the general boundaries of the City and provide superior access to destinations throughout the region. These include Interstate Highways 105, 110, 710, and 405, along with State Highway 91. The Long Beach and Los Angeles Ports are less than 20 minutes from downtown Compton, providing easy access to international destinations for customers, suppliers and leisure travelers. The Alameda Corridor, a passageway for 25% of all U.S. waterborne international trade, runs directly through the City from north to south.

Regional Airports

Compton/Woodley Airport is a small general aviation airport located in the City and is situated within a few miles of both Los Angeles International Airport and Long Beach Airport.

Public Transit

The Los Angeles Metropolitan Transportation Authority provides the Metro Blue Line light rail service that runs north-south through the city and connects the City to downtown Los Angeles and downtown Long Beach. The Compton Renaissance Transit System serves the local community and connects with Greyhound lines.

Education

The School District was formed in the early 1970's, and currently operates twenty-four elementary schools, eight middle schools and three senior high schools. The School District also maintains one adult school and three alternative schools.

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The College District, has a full schedule of academic and vocational classes and offers the possibility of achieving Associate Degrees in Arts and Sciences as well as obtaining credits that are transferable to universities within the State system.

Utilities

Southern California Edison Co. provides electricity and Southern California Gas Co. provides natural gas to the City. Telephone service to the community is supplied by AT&T and Verizon.

Water supply and planning for the area is provided by the City Water Department. The major sources of water are provided by the Metropolitan Water Department and the Water Replenishment District.

CITY OF COMPTON
DIRECT AND OVERLAPPING DEBT STATEMENT

Set forth below is a direct and overlapping debt report as of April 1, 2010 (the "Debt Report") prepared by California Municipal Statistics Inc. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies who boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by property within the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

CITY OF COMPTON

2009-10 Assessed Valuation:	$4,963,130,453
Redevelopment Incremental Valuation:	1,846,318,501
Adjusted Assessed Valuation:	$3,116,811,952

	% Applicable	Debt 4/1/10
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Los Angeles County Flood Control District	0.330%	$ 229,713
Metropolitan Water District	0.172	454,458
Compton Community College District	25.822	13,166,638
Compton Unified School District	44.741	30,827,929
Long Beach Unified School District	0.007	36,228
Lynwood Unified School District	1.429	263,005
Paramount Unified School District	0.021	12,465
Los Angeles County Regional Park and Open Space Assessment District	0.335	745,911
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$45,736,347
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.335%	$ 2,907,451
Los Angeles County Pension Obligations	0.335	789,564
Los Angeles County Superintendent of Schools Certificates of Participation	0.335	44,171
Compton Unified School District Certificates of Participation	44.741	14,422,261
Lynwood Unified School District Certificates of Participation	1.429	326,455
Paramount Unified School District Certificates of Participation	0.021	5,726
City of Compton Certificates of Participation	**100.**	**45,730,000**(1)
Los Angeles County Sanitation District No. 1 Authority	13.847	3,121,723
Los Angeles County Sanitation District No. 2 Authority	0.005	1,741
Los Angeles County Sanitation District No. 8 Authority	3.133	431,518
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$67,780,610
COMBINED TOTAL DEBT		$113,516,957(2)

Ratios to 2009-10 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 0.92%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($45,730,000) 1.47%
Combined Total Debt 3.64%

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(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: $0

APPENDIX G

[PROPOSED] FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Compton Urban Community Development Commission acting as the Community Redevelopment Agency of the City of Compton (the "Agency"), in connection with the issuance of its $[___________] Compton Redevelopment Project, Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "Housing Second Lien Bonds"), its $[___________] Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010B (the "Series 2010B Bonds"), and its $[___________] Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010C (Taxable) (the "Series 2010C Bonds," and, together with the Series 2010B Bonds. the "Project Second Lien Bonds," and together with the Housing Second Lien Bonds, the "Bonds"). The Bonds are being issued pursuant to the Constitution and the laws of the State of California (the "State"), including the State Community Redevelopment Law (Part 1, commencing with Section 33000, of Division 24 of the Health and Safety Code of the State), a Master Trust Agreement, dated as of June 1, 1995, by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"), as heretofore supplemented and as further amended and supplemented by the Sixth Supplemental Trust Agreement relating to the Housing Second Lien Bonds, dated as of May 1, 2010 (the "Sixth Supplemental Trust Agreement"), the Seventh Supplemental Trust Agreement relating to the Series 2010B Bonds, dated as of May 1, 2010 (the "Seventh Supplemental Trust Agreement") and the Eighth Supplemental Trust Agreement relating to the Series 2010C Bonds, dated as of May 1, 2010 (the "Eights Supplemental Trust Agreement," and collectively with the Sixth Supplemental Trust Agreement, Seventh Supplemental Trust Agreement, and the Master Trust Agreement, the "Trust Agreement"), and resolutions by the City of Compton and the Agency.

The Agency and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement 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 Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person that has the power, directly or indirectly, to vote or consent with respect to or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" means U.S. Bank, National Association, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency and the Trustee a written acceptance of such designation.

"Holder" or "Holders" shall mean registered owners of the Bonds.

"Listed Events" means any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" means the Official Statement, dated **[May ___, 2010]**, relating to the Bonds.

"Participating Underwriter" means Grigsby & Associates, Inc.

"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.

SECTION 3. Provision of Annual Reports.

(a) The Agency shall provide, or shall cause the Dissemination Agent to provide, to MSRB (pursuant to (e) below) an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement by not later than eight months after the end of the Agency's fiscal year in each year commencing with the report for 2009-10 fiscal year. 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 Agreement. If the Agency's fiscal year changes, the Agency, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall provide to the MSRB (with a copy to the Trustee) a notice, in substantially the form attached as Exhibit A. In lieu of filing the notice as described in the proceeding sentence, the Agency or the Dissemination Agent may file such notice solely with the MSRB.

(d) The Dissemination Agent shall (if the Dissemination Agent is other than the Agency), file a report with the Agency certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement.

SECTION 4. Content of Annual Reports. The Agency's Annual Report shall be in a format suitable for filing with the MSRB and shall contain or incorporate by reference historical quantitative date concerning the Project Area (as defined in the Official Statement), including the following: (i) the Agency's Audited financial statements 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, and as further modified according the applicable State law; however, if the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), then the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Agency, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and (ii) historical assessed valuation, tax increment revenues, assessment appeals, outstanding tax increment indebtedness, subvention revenues and, to the extent available to the Agency, such other historic economic data reflecting development in the Project Area that the Agency determines is required to comply with Section 1 of this Disclosure Agreement. The Agency is solely responsible for the content and format of the Annual Report.

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 are available to the public from the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

Each Annual Report shall state on the cover that is being filed with respect to the Bonds.

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 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. Bond calls.

9. Defeasances.

10. Release, substitution or sale of property securing repayment of the Bonds.

11. Rating changes.

(b) Promptly after obtaining actual knowledge of the occurrence of any of the Listed Events at the principal corporate trust office of the Trustee in Seattle, Washington, the Trustee shall contact the Agency at its notice address in the Agreement, inform such person of the event, and request that the Agency promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Agency shall determine as soon as possible if such event would constitute material information for Holders of Bonds within the meaning of the federal securities laws.

(d) If the Agency has determined that knowledge of the occurrence of a Listed Event would be material, the Agency shall notify the Trustee promptly in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Agency determines that the Listed Event would not be material, the Agency shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (f).

(f) If the Trustee has been instructed by the Agency to report the occurrence of a Listed Event, the Trustee shall file or request the Dissemination Agency (if other than the Trustee) to file a notice of such occurrence with the MSRB. 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 Agreement and notice of any other Listed Event is only required following the actual occurrence of the Listed Event.

(g) The Trustee may conclusively rely on an opinion of counsel that the Agency's instructions to the Trustee under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The Agency's, the Trustee's and the Dissemination Agent's obligations under this Disclosure Agreement 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(f) hereof.

SECTION 7. Dissemination Agent. From time to time, the Agency may appoint or engage a Dissemination Agent to assist it in carrying out is obligations under this Disclosure Agreement, and may discharge any such Dissemination Agents with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(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 the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, in the opinion of nationally recognized bond counsel, would 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 the holders of the Bonds in the manner provided in the Agreement for amendments to the Agreement with the consent of holders, or (ii) in the opinion of the Trustee or nationally recognized bond counsel, does not materially impair the interests of the holders or beneficial owners of the Bonds.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. 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 Agreement, the Agency shall have no obligation under this Disclosure Agreement 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 Agreement, any holder or beneficial owner of the Bonds or the Trustee may (and, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, the Trustee shall) 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 Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency to comply with this Disclosure Agreement 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 Agreement, and the Agency agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of its powers end 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. The Dissemination Agent shall not be required to consent to any amendment which would impose any greater duties or risk of liability on the Dissemination Agent. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

SECTION 12. Notices. Any notices given hereunder shall be given in writing at the addresses (including the facsimile numbers set forth below):

If to the Agency:
Compton Urban Community Redevelopment
Commission, acting as the Community Redevelopment Agency
of the City of Compton
205 South Willowbrook Avenue
Compton, CA 90220
Attention: Redevelopment Director
Telephone: (310) 637-605-5511
Fax: (310) 637-3484

Trustee/ Dissemination Agent:	U.S. Bank National Association 1420 5th Avenue, 7th Floor PD-WA-T7CT Seattle, WA 98101 Attention: Corporate Trust Telephone: (206) 344-4678 Fax: (206) 344-4630

[Remainder of Page Intentionally Left Blank.]

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the Trustee, the Dissemination Agent, the 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: __________, 2010

COMPTON URBAN COMMUNITY DEVELOPMENT COMMISSION acting as the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

By: ____
Executive Secretary

APPROVED AS TO FORM:

____
Agency Counsel

The undersigned hereby agrees to act as Dissemination Agent pursuant to the foregoing Disclosure Agreement.

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By:__________________________________

Its:__________________________________

ACKNOWLEDGED:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:__________________________________

Its:__________________________________

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Community Redevelopment Agency of the City of Compton, California
Name of Bond Issues:	$[___________] Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A $[___________] Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010B $[___________] Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010C (Taxable)
Date of Issuance:	_________, 2010

NOTICE IS HEREBY GIVEN to the MSRB that the Agency has not provided an annual Disclosure Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of [____________, 2010], by the Agency and accepted by U.S. Bank National Association, as Dissemination Agent. The Agency anticipates that the annual Disclosure Report will be filed by __________________.

Dated:_______________

U.S. BANK NATIONAL ASSOCIATION, as Dissemination Agency

By: ____

Its: ____

#4.

APPENDIX E
THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix E concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system has been obtained from DTC and the Agency takes no responsibility for the completeness or accuracy thereof. The City 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 Compton Urban Community Development Commission acting as the Community Redevelopment Agency of the City of Compton (the "Agency"), in connection with the issuance of the its Compton Redevelopment Project, Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "Housing Second Lien Bonds"), its Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010B (the "Series 2010B Bonds"), its Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010C (Taxable) (the "Series 2010C Bonds," and, together with the Series 2010B Bonds, the "Project Second Lien Bonds," and together with the Housing Second Lien Bonds, 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 Bond 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 3.5 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 and www.dtc.org.

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. 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 the Bonds, except in the event that the 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 the 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. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. 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. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual 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).

Redemption proceeds, distributions, and dividend 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 a 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 Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to a tender or remarketing agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to such tender or remarketing agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to such tender or remarketing agent's DTC account.

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, replacement Bonds 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, replacement Bonds will be printed and delivered to DTC.

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.

The Agency and the Underwriter cannot and do not give any assurance that DTC will distribute to the Participants, or that the Participants or other will distribute to the Beneficial Owners, payment of principal, interest or purchase price, if any, on the Bonds paid or any other notices or that they will do so on a timely bases or will serve and act in the manner described in this Official Statement. The Agency and the Underwriter are not responsible or liable for the failure of DTC or any Direct Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay related thereto.

The foregoing description of DTC and the procedures and record keeping with respect to beneficial ownership interest in the Bonds, payment of principal, interest and purchase price, if any, on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and the Beneficial Owners is based solely on information provide by DTC, which source is believed to be reliable, but the Agency and the Underwriter do not assume any responsibility therefor. Accordingly, no representations can be amended concerning these matters and the Direct Participants, the Indirect Participants and the Beneficial Owners should not rely on the following information with respect to such matters but should instead confirm the same with DTC or the Direct Participants or the Indirect Participants, as the case may be.

Sidley Austin LLP
4/13/10 Draft

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, CALIFORNIA

Compton Redevelopment Project
Second Lien Tax Allocation Bonds (Housing)
Series 2010A

Compton Redevelopment Project
Second Lien Tax Allocation Bonds

Series 2010B (Tax Exempt)

Series 2010C (Taxable)

BOND PURCHASE CONTRACT

May __, 2010

Compton Public Finance Authority
205 S. Willowbrook Ave.
Compton, CA 90220

Compton Urban Community Development Commission,
acting as the Community Redevelopment Agency of the
City of Compton
205 S. Willowbrook Ave.
Compton, CA 90220

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this purchase contract (the "Bond Purchase Contract") with the Compton Public Finance Authority (the "Authority") and the Compton Urban Community Development Commission, acting as the Community Redevelopment Agency of the City of Compton (the "Agency"), which will be binding upon the Authority, the Agency and the Underwriter upon the acceptance hereof by the Authority and the Agency. This offer is made subject to its acceptance by the Authority and the Agency by execution of this Bond Purchase Contract and its delivery to the Underwriter on or before 5:00 P.M., California time, on the date hereof. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Trust Agreement (as herein defined), and if not defined in the Trust Agreement, as defined in the Official Statement.

#4.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriter for such purpose, all of the Agency's Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "Housing Second Lien Bonds"), its Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010B (Tax Exempt) (the "Series 2010B Bonds"), and its Compton Redevelopment Project, Second Lien Tax Allocation Bonds (Taxable), Series 2010C (the "Series 2010C Bonds," and, together with the Series 2010B Bonds, the "Project Second Lien Bonds," and, together with the Project Second Lien Bonds and the Housing Second Lien Bonds, the "Bonds").

The purchase price of the Housing Second Lien Bonds shall be $_______ (representing an aggregate principal amount of the Housing Second Lien Bonds of $________, less [plus] a net original issue [premium/discount] in the amount of $_________, and less an Underwriter's discount in the amount of $__________).

The purchase price of the Series 2010B Bonds shall be $_______ (representing an aggregate principal amount of the Series 2010B Bonds of $________, less [plus] a net original issue [premium/discount] in the amount of $_________, and less an Underwriter's discount in the amount of $__________).

The purchase price of the Series 2010C Bonds shall be $_______ (representing an aggregate principal amount of the Series 2010C Bonds of $________, less [plus] a net original issue [premium/discount] in the amount of $_________, and less an Underwriter's discount in the amount of $__________).

The Bonds shall be purchased by the Authority from the Agency pursuant hereto for resale and delivery to the Underwriter concurrently with the purchase of the Bonds by the Underwriter from the Authority; provided that the obligation of the Authority to purchase the Bonds from the Agency shall be satisfied solely with moneys provided to the Authority by the Underwriter in connection with the purchase by the Underwriter of the Bonds from the Authority.

It shall be a condition to the Agency's obligations to sell and to deliver the Bonds to the Authority for resale to the Underwriter, and to the Underwriter's obligation to purchase, to accept delivery of and to pay for the Bonds that the entire principal amount of the Bonds shall be issued, sold and delivered by the Agency to the Authority for resale to the Underwriter, and purchased, accepted and paid for by the Underwriter at the Closing (as defined herein).

Section 2. Description of the Bonds. The Bonds will be issued pursuant to a Master Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), by and between the Agency and Seattle-First National Bank, as succeeded by U.S. Bank National Association, as trustee (the "Trustee"), as previously amended and supplemented, and as further amended and supplemented by the Sixth Supplemental Trust Agreement relating to the Housing Second Lien Bonds, dated as of April 1, 2010 (the "Sixth Supplemental Trust Agreement"), the Seventh Supplemental Trust Agreement relating to the Series 2010B Bonds, dated as of April 1, 2010 (the "Seventh Supplemental Trust Agreement"), the Eighth Supplemental Trust Agreement relating to the Series 2010C Bonds, dated as of April 1, 2010 (the "Eighth Supplemental Trust Agreement," and collectively with the Sixth Supplemental Trust Agreement, Seventh Supplemental Trust Agreement, and the Master Trust Agreement, as previously supplemented and amended, the "Trust Agreement"), and pursuant to the California Community Redevelopment Law, constituting Part 1, Division 24 (commencing with Section 33000) of the California Health and Safety Code (the "Redevelopment Law").

The Bonds shall mature and shall be subject to redemption on the dates and in the amounts and shall bear interest at the rates set forth in the Official Statement, dated the date hereof, relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the "Official Statement").

The Agency will use the proceeds of the Project Second Lien Bonds to (i) finance redevelopment activities with respect to the Compton Redevelopment Project Area (the "Project Area"), (ii) finance the Agency's obligation to deposit moneys in the Supplemental Educational Revenue Augmentation Fund, if necessary, for Fiscal Year 2009-10 and Fiscal Year 2010-11, and the Agency's remaining outstanding statutory tax sharing payments with respect to Fiscal Year 2008-09 (as to non-local educational agencies), (iii) finance certain tax sharing amounts payable to the Compton Unified School District under an Agreement for Cooperation with the Compton Unified School District, (iv) fund reserve accounts within the Project Second Lien Reserve Fund, and (v) pay the costs of issuance of the Project Second Lien Bonds.

The Agency will use the proceeds of the Housing Second Lien Bonds to (i) finance additional low and moderate income housing redevelopment activities with respect to the Project Area, (ii) fund a reserve account within the Housing Second Lien Reserve Fund, and (iii) pay the costs of issuance of the Housing Second Lien Bonds.

The Project Second Lien Bonds are payable from and secured by the Project Second Lien Tax Revenues and certain funds and accounts held under the Trust Agreement. In addition, the Series 2010D Bonds are payable from and secured by the Refundable Credits.

The Housing Second Lien Bonds are payable from and secured by the Housing Second Lien Tax Revenues and certain funds and accounts held under the Trust Agreement.

[The payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy (the "Insurance Policy") to be issued by ______ (the "Insurer").]

Section 3. Public Offering. The Underwriter agrees to make a bona fide public offering of all the Bonds initially at the public offering prices (or yields) set forth on <u>Appendix A</u> attached hereto and on the cover page of the Official Statement. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Appendix A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

Section 4. Delivery of Official Statement. The Agency has delivered or caused to be delivered to the Underwriter prior to the execution of this Bond Purchase Contract, copies of the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"). The Preliminary Official Statement is the official statement deemed final by the Agency for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") and approved for distribution by resolution of the Agency. The Agency hereby ratifies, approves and confirms the distribution of the Preliminary Official Statement in connection with the public offering and sale of the Bonds by the Underwriter. The Agency shall have executed and delivered to the Underwriter a certification to such effect in the form attached hereto as Appendix B.

Within 7 business days from the date hereof, the Agency shall deliver to the Underwriter a final Official Statement, executed on behalf of the Agency by an authorized representative of the Agency and dated the date hereof, which shall include information permitted to be omitted from the Preliminary Official Statement by paragraph (b)(1) of the Rule and with such other amendments or supplements as shall have been approved by the Agency and the Underwriter. The Agency shall also deliver to the Underwriter, at the Agency's sole cost and at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of the Rule, and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board.

The Agency will undertake, pursuant to its Resolution No. __, adopted on April 20, 2010, and a continuing disclosure agreement, between the Agency and the Trustee, as dissemination agent (the "Continuing Disclosure Agreement"), to provide certain annual financial information and notices of the occurrence of certain material events. The form of the Continuing Disclosure Agreement is appended to the Official Statement.

Section 5. The Closing. At 8:00 A.M., California time, on ____________, 2010, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Agency, the Authority and the Underwriter, the Authority and the Agency shall deliver (i) the Bonds in definitive form (one bond for each maturity of each Series of Bonds) to the Trustee at the Closing or to The Depository Trust Company ("DTC") in New York, New York, or such other location as may be specified by the Underwriter, with CUSIP identification numbers printed thereon, in fully registered form and registered in the name of Cede & Co., and (ii) the closing documents hereinafter mentioned at the offices of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel ("Bond Counsel") in Los Angeles, California, or another place to be mutually agreed upon by the Agency, the Authority and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of each Series of the Bonds as set forth in Section 1 by federal funds wire payable to the order of the Trustee on behalf of the Agency. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing."

Section 6. Agency Representations, Warranties and Covenants. The Agency represents, warrants and covenants to the Underwriter that:

(a) *Due Organization and Existence of Agency.* The Agency is a public body corporate and politic, organized and existing under the laws of the State of California, including the Redevelopment Law, with full right, power and authority to issue the Bonds and to execute, deliver and perform its obligations under this Bond Purchase Contract, the Continuing Disclosure Agreement, the Bonds and the Trust Agreement (collectively, the "Agency Documents"), and to carry out and consummate the transactions contemplated by the Agency Documents and the Official Statement.

(b) *Due Authorization and Approval.* The Agency has, by all necessary official action, duly authorized and approved the execution and delivery of, and the performance by the Agency of the obligations contained in, the Agency Documents, and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the Agency Documents will constitute the legally valid and binding obligations of the Agency, enforceable against the Agency in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. The Agency has complied, and will, at the Closing, be in compliance in all respects, with the terms of the Agency Documents. The Agency has duly authorized and approved the Preliminary Official Statement and the Official Statement.

(c) *Official Statement Accurate and Complete.* The Preliminary Official Statement was, as of its date, and the final Official Statement will be, and at all times subsequent to the date of the final Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement contains and the final Official Statement will contain, and up to and including the Closing will contain, no misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

If between the date hereof and the Closing, any event occurs which could or would cause the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the Agency shall notify the Underwriter, and, if in the opinion of the Agency or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency will cause the Official Statement to be amended or supplemented in a form and in a manner approved by the Underwriter, and will cause a reasonable number of copies of the supplement or amendment to be furnished to the Underwriter.

(d) *Agency Agreement to Amendments and Supplements to Official Statement.* The Agency covenants with the Underwriter that during the period of 25 days after the end of the "underwriting period" (as defined in the Rule), if an event occurs of which the Agency has knowledge, which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact, or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Agency shall notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency shall cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, and all printing expenses thereby incurred shall be paid for by the Agency. The Agency will (i) furnish such information with respect to itself as the Underwriter may from time to time reasonably request; and (ii) advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(e) *No Breach or Default.* Except as otherwise disclosed in the Official Statement, the Agency is not and will not be, in any material respect, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject, which breach or default has or may have a materially adverse effect on the ability of the Agency to perform its obligations under the Agency Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Agency Documents and the Official Statement and compliance with the provisions of each of such agreements or instruments do not and will not, in any material respect, conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, which breach or default has or may have a materially adverse effect on the ability of the Agency to perform its obligations under the Agency Documents, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Agency Documents.

(f) *No Secured Indebtedness.* Except as disclosed in the Official Statement, the Agency does not have outstanding any indebtedness which is secured by a lien on the Project Second Lien Tax Revenues prior to or on a parity with the lien of the Project Second Lien Bonds. This lien is, however, subordinate to the lien on the portion of Project Tax Revenues which secures the Senior Bonds. Except as disclosed in the Official Statement, the Agency does not have outstanding any indebtedness which indebtedness is secured by a lien on the Housing Second Lien Tax Revenues prior to or on a parity with the lien of the Housing Second Lien Bonds. This lien is, however, subordinate to the lien on the portion of Housing Tax Revenues which secures the Senior Bonds.

(g) *No Lien or Encumbrance.* The Agency has not entered into any contract or arrangement of any kind, other than as set forth in (f) above, which might give rise to any senior or parity lien or encumbrance on the Project Second Lien Tax Revenues or the Housing Second Lien Tax Revenues.

(h) *No Litigation.* Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, notice of which has been served on the Agency, at law or in equity, before or by any court, government agency, public board or body, pending or, to the knowledge of the Agency, threatened (i) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of the Project Second Lien Tax Revenues pledged or to be pledged to pay the principal of and interest on the Project Second Lien Bonds, or the payment or collection of the Housing Second Lien Tax Revenues pledged or to be pledged to pay the principal of and interest on the Housing Second Lien Bonds, or in any way contesting or affecting the validity of the Agency Documents, the power of the Agency to execute and deliver the Agency Documents or the Official Statement or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Housing Second Lien Bonds or the Series 2010B Bonds from taxation, or contesting the powers of the Agency and its authority to pledge the Project Second Lien Tax Revenues to the payment of the principal of and the interest on the Project Second Lien Bonds or to pledge the Housing Second Lien Tax Revenues to the payment of the principal of and interest on the Housing Second Lien Bonds; (iii) which may result in any material adverse change relating to the Agency; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the final Official Statement, or any supplement or amendment thereto, or asserting that the Preliminary Official Statement or the final Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(i) *Preliminary Official Statement.* For purposes of the Rule, the Agency has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule. Except as disclosed in the Official Statement, the Agency has never failed to comply timely with any filing requirements under the Rule.

(j) *Compliance with Redevelopment Law.* The Agency is in compliance with its obligations under Sections 33334.2, 33334.3, 33334.6 and 33487 of the Redevelopment Law, and has complied with the filing requirements of Article 6 of Chapter 1 of the Redevelopment Law.

(k) *Excess Surplus.* The Agency's Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Redevelopment Law does not, on the date hereof, contain an "excess surplus" (within the meaning of Section 33334.12 of the Redevelopment Law) that would cause the Agency to be subject to the sanctions contained in Section 33334.12(e)(1) of the Redevelopment Law.

(l) *Arbitrage Certificate.* The Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certificates may not be relied upon.

(m) *No Required Consents.* All approvals, consents and orders of any governmental authority, board, agency or commission having jurisdiction which would constitute conditions precedent to the execution and delivery by the Agency of any of the Agency Documents or the Official Statement, or the performance by the Agency of its obligations thereunder, have been obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(n) *Certificates of the Agency.* Any certificate signed by an authorized officer of the Agency and delivered to the Underwriter shall be deemed a representation and warranty of the Agency to the Underwriter as to the statements made therein.

(o) *Tax Exemption.* The Agency covenants that it will not take any action that would cause interest on the Housing Second Lien Bonds or the Series 2010B Bonds to be subject to federal income taxation or would cause interest on any of the Bonds to be subject to California personal income taxes.

(p) *Compliance with Rule.* Other than as disclosed in the Official Statement, there has been no instance in which the Agency has failed to comply in all respects with any undertakings with regard to the Rule (as defined above).

Section 7. Authority Representations, Warranties and Covenants. The Authority represents, warrants and covenants to the Underwriter that:

(a) *Due Organization and Existence of Authority.* The Authority is a joint exercise of powers authority, duly organized and existing, and authorized to transact business and exercise powers under and pursuant to the provisions of the laws of the State of California and the joint exercise of powers agreement pursuant to which the Authority was created and has, and on Closing date will have, full legal right, power and authority to enter into this Bond Purchase Contract, and to carry out and to consummate the transactions contemplated by this Bond Purchase Contract and the Official Statement.

(b) *Due Authorization and Approval.* The Authority has, by all necessary official action, duly authorized and approved the execution and delivery of, and performance by the Authority of the obligations contained in, this Bond Purchase Contract and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, this Bond Purchase Contract will constitute the legally valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. The Authority has complied, and will at the Closing be in compliance in all respects, with the terms of this Bond Purchase Contract.

(c) *Official Statement Accurate and Complete.* The information relating to the Authority contained in the Preliminary Official Statement and the final Official Statement as amended or supplemented, is correct in all material respects, and does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(d) *Purchase and Sale of Bonds.* The Bonds will be purchased and sold by the Authority pursuant to and in accordance with the provisions of the Mark-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5, Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "JPA Act").

(e) *Compliance with Law and Joint Exercise of Powers Agreement.* The Authority has complied, and will on the Closing Date be in compliance, in all respects, with the JPA Act and all other applicable laws of the State of California and the joint exercise of powers agreement pursuant to which the Authority was created. The Authority has made all filings required by Sections 6503.5 through 6503.7 of the California Government Code.

(f) *No Breach or Default.* Except as otherwise disclosed in the Official Statement, the Authority is not and will not be, in any material respect, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default has or may have a materially adverse effect on the ability of the Authority to perform its obligations under this Bond Purchase Contract, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such default or event of default under any such instrument; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of this Bond Purchase Contract and compliance with the provisions hereof do not and will not, in any material respect, conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, which breach or default has or may have a materially adverse effect on the ability of the Authority to perform its obligations under this Bond Purchase Contract, and any such authorization, execution, delivery or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by this Bond Purchase Contract.

(g) *No Litigation.* Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, notice of which has been served on the Authority, at law or in equity, before or by any court, government agency, public board or body, pending or, to the knowledge of the Authority, threatened (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the sale of the Bonds or in any way contesting or affecting the validity of this Bond Purchase Contract, the power of the Authority to execute and deliver this Bond Purchase Contract or the consummation of the transactions contemplated hereby; or (iii) which may result in any material adverse change relating to the Authority, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iii) of this sentence.

(h) *No Required Consents.* All approvals, consents and orders of any governmental authority, board, agency or commission having jurisdiction which would constitute conditions precedent to the execution and delivery by the Authority of this Bond Purchase Contract and the performance by the Authority of its obligations thereunder have been obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(i) *Certificates of the Authority.* Any certificate signed by an authorized officer of the Authority and delivered to the Underwriter shall be deemed a representation and warranty of the Authority to the Underwriter as to the statements made therein.

Section 8. Closing Conditions. The Underwriter has entered into this Bond Purchase Contract in reliance upon the representations, warranties and covenants herein and the performance by the Agency and the Authority of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Bond Purchase Contract to purchase, accept delivery of, and pay for the Bonds on the Closing Date are subject to the performance by the Agency and the Authority of their respective obligations hereunder at or prior to the Closing. The Underwriter's obligations under this Bond Purchase Contract shall also be subject to the following conditions:

(a) *Bring-Down Representation.* The representations and warranties of the Agency and the Authority contained in Sections 6 and 7, respectively, shall be true, complete and correct at the date hereof and, at the time of the Closing, as if made on the date of the Closing.

(b) *Executed Agreements and Performance Thereunder.* At the time of the Closing (i) the Agency Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter; (ii) there shall be in full force and effect such resolutions of the Agency, the City and the Authority (the "Resolutions") as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by this Bond Purchase Contract, the Official Statement and the Agency Documents; and (iii) the Agency, the City, and the Authority shall perform or have performed all of their respective obligations required under or specified in the Official Statement and the Agency Documents to be performed at or prior to the Closing.

(c) *Agency Representation Regarding Audited Financial Statements.* At the time of the Closing, the Agency will certify that the issues raised by the Agency's independent auditor in the Agency's audited financial statements that are material to the issuance of the Bonds and the Agency's performance of its obligations under the Agency documents are resolved pursuant to official Agency action.

(d) *Closing Documents.* At or prior to the Closing, the Underwriter shall receive each of the documents identified in Section 9, such documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter.

Section 9. Closing Documents. In addition to the other conditions to the Underwriter's obligations under this Bond Purchase Contract to purchase and pay for the Bonds at or before the Closing, the Underwriter shall receive each of the following documents; provided the Underwriter may in its sole discretion waive one or more of the conditions imposed by this Bond Purchase Contract for the protection of the Underwriter and the Trustee and proceed with the Closing.

(a) *Bond Counsel Opinion.* For each Series of Bonds, an approving opinion of Bond Counsel, dated the date of the Closing and substantially in the form for such Series of Bonds appended to the Official Statement, together with a letter or letters from such counsel, dated the date of the Closing and addressed to the Underwriter and the Trustee, to the effect that the foregoing opinions may be relied upon by the Underwriter and the Trustee to the same extent as if such opinions were addressed to it.

(b) *Supplemental Opinion.* A supplemental opinion of Bond Counsel, dated the date of the Closing and addressed to the Underwriter, to the following effect:

(i) The statements contained in the Official Statement under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," "CONTINUING DISCLOSURE," "APPENDIX D – Summary of Certain Provisions of the Trust Agreement," "APPENDIX F – Form of Opinions of Bond Counsel," and "APPENDIX G – Form of Continuing Disclosure Agreement," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Bonds, the Trust Agreement, the Continuing Disclosure Agreement and Bond Counsel's final approving opinions delivered with respect to the Housing Second Lien Bonds and the Series 2010B Bonds concerning certain federal tax matters relating to these two Series of Bonds, and delivered with respect to each Series of the Bonds concerning California personal income tax matters relating to each Series of the Bonds, are accurate in all material respects; but excluding therefrom information about DTC, the book-entry only system, the Bond Insurer, the Insurance Policy, and any financial, statistical, or numerical information contained therein.

(ii) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(iii) [Without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, and based upon the information made available to such counsel in the course of its participation in the preparation of the Official Statement as Bond Counsel for the Agency, nothing has come to such counsel's attention which would cause such counsel to believe that the Official Statement (excluding therefrom the financial statements and the statistical data included in the Official Statement and any information relating to DTC, Cede & Co., [and] the book-entry only system, [the Insurer and the Insurance Policy] as to which no opinion need be expressed), as of the date thereof and the Closing Date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.]

(c) *Agency Counsel Opinion.* An opinion of Craig Cornwell, Agency General Counsel, dated the date of the Closing and addressed to the Underwriter and Bond Counsel, in form and substance acceptable to the Underwriter, to the following effect:

(i) The Agency is a public body corporate and politic duly organized and validly existing under the laws of the State of California, including the Redevelopment Law, with full right, power and authority to execute, deliver and perform its obligations under the Agency Documents.

(ii) The Agency is in compliance with its obligations under Sections 33334.2, 33334.3, 33334.6 and 33487 of the Redevelopment Law; and the Agency's Low and Moderate Income Housing Fund, established pursuant to Section 33334.3 of the Redevelopment Law, does not, on the date hereof, contain an "excess surplus" (within the meaning of Section 33334.12 of the Redevelopment Law) that would cause the Agency to be subject to the sanctions contained in Section 33334.12(e)(1) of the Redevelopment Law.

(iii) Resolution No. _____ of the Agency adopted on April 20, 2010, which authorized the execution and delivery of the Agency Documents and the Official Statement therein approved (the "Agency Resolution"), was duly adopted at a meeting of the Agency which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been modified, amended or rescinded.

(iv) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation, notice of which has been served on the Agency, at law or in equity before or by any court, governmental agency or body, pending or, to the best knowledge of such counsel, threatened against the Agency, challenging the creation, organization or existence of the Agency, the right or title of any member or officer of the Agency to hold his or her respective office or exercise or perform the powers and duties pertaining thereto, the validity of the Agency Documents, or seeking to restrain or enjoin the issuance, sale or repayment of the Bonds, or in any way contesting or affecting the validity of the Agency Documents or the authority of the Agency to enter into or perform its obligations under any of the Agency Documents or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions the right of the Agency to use the Project Second Lien Tax Revenues for payment of the Project Second Lien Bonds or the Housing Second Lien Tax Revenues for payment of the Housing Second Lien Bonds, or affects in any manner the right or ability of the Agency to collect or pledge the Project Second Lien Tax Revenues to the payment of the principal of and interest on the Project Second Lien Bonds or to collect or pledge the Housing Second Lien Tax Revenues to the payment of the principal of and interest on the Housing Second Lien Bonds.

(v) The Agency Documents have each been duly authorized, executed and delivered by the Agency, and, assuming the due authorization, execution and delivery by the other parties thereto, as necessary, the Agency Documents constitute the valid and binding legal obligations of the Agency enforceable against the Agency in accordance with their respective terms except as such enforceability may be limited or otherwise affected by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws or general principles of equity limiting or otherwise affecting the enforcement of creditors' rights, whether now existing or hereafter enacted.

(vi) To the best of such counsel's knowledge after due inquiry, the authorization, execution and delivery by the Agency of, and the performance by the Agency of its obligations under the Agency Documents do not conflict with, violate or constitute a default, in any material respect, under any provision of any law, court order or decree or any contract, instrument or agreement to which the Agency is a party or by which it is bound.

(vii) To the best of such counsel's knowledge after due inquiry, the Agency has obtained all authorizations, approvals, consents or other orders of the State of California or any other governmental authority or agency within the State of California having jurisdiction over the Agency required for the valid authorization, issuance and delivery by the Agency of the Bonds and the execution and delivery of the Agency Documents, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(viii) To the best of such counsel's knowledge, except as described in the Official Statement, there are no outstanding bonds, notes or other obligations or indebtedness of the Agency which are secured by a lien on the Project Second

Lien Tax Revenues prior to or on a parity with the payments of the Project Second Lien Bonds or secured by a lien on the Housing Second Lien Tax Revenues prior to or on a parity with the payment of the Housing Second Lien Bonds.

(ix) To the best of such counsel's knowledge, except as described in the Official Statement, the Agency has not entered into any contract or arrangement of any kind which might give rise to any senior or parity lien or encumbrance on the Project Second Lien Tax Revenues or the Housing Second Lien Tax Revenues pledged pursuant to the Trust Agreement.

(x) [Without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, and based upon the information made available to such counsel in the course of its participation in the preparation of the Official Statement as general counsel for the Agency, nothing has come to such counsel's attention which would cause such counsel to believe that the Official Statement (excluding therefrom the financial statements and the statistical data included in the Official Statement and any information relating to DTC, Cede & Co., **[and]** the book-entry only system, **[the Insurer and the Insurance Policy]** as to which no opinion need be expressed), as of the date thereof and the Closing Date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.]

(d) *Authority Counsel Opinion.* An opinion of Craig Cornwell, Counsel to the Authority, dated the date of the Closing and addressed to the Underwriter and Bond Counsel, in form and substance acceptable to the Underwriter, substantially to the following effect:

(i) The Authority is a joint exercise of powers agency duly organized and validly existing under the laws of the State of California.

(ii) The Authority has made all filings required by Sections 6503.5 through 6503.7 of the California Government Code.

(iii) Resolution No. _________ of the Authority, adopted on April 20, 2010, which approved and authorized the execution and delivery of this Bond Purchase Contract (the "Authority Resolution"), was duly adopted at a meeting of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been modified, amended or rescinded.

(iv) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation, notice of which has been served on the Authority, at law or in equity before or by any court, governmental agency or body, pending or, to the best knowledge of such counsel, threatened against the Authority, challenging the creation, organization or existence of the Authority, the right or title of any member or officer of the Authority to hold his or her respective office or exercise or perform the powers and duties pertaining thereto, the validity of this Bond Purchase Contract, or seeking to restrain or enjoin the sale of the Bonds, or in any way contesting or affecting the validity of this Bond Purchase Contract or the authority of the Authority to enter into or perform its obligations under this Bond Purchase Contract or under which a determination adverse to the Authority would have a material adverse effect upon the consummation of the transactions contemplated hereby.

(v) This Bond Purchase Contract has been duly authorized, executed and delivered by the Authority, and, assuming the due authorization, execution and delivery by the Underwriter, this Bond Purchase Contract constitutes the valid and binding legal obligation of the Authority enforceable against the Authority in accordance with its terms except as such enforceability may be limited or otherwise affected by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws or general principles of equity limiting or otherwise affecting the enforcement of creditors' rights, whether now existing or hereafter enacted.

(vi) To the best of such counsel's knowledge after due inquiry, the execution and delivery by the Authority of, and the performance by the Authority of its obligations under, this Bond Purchase Contract do not conflict with, violate or constitute a default, in any material respect, under any provision of any law, court order or decree or any contract, instrument or agreement to which the Authority is a party or by which it is bound.

(vii) To the best of such counsel's knowledge after due inquiry, the Authority has obtained all authorizations, approvals, consents or other orders of the State of California or any other governmental authority or agency within the State of California having jurisdiction over the Authority required for the execution and delivery of this Bond Purchase Contract, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(e) *Trustee and Escrow Agent Counsel Opinions.* The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Agency and the Underwriter, to the effect that:

(i) The Trustee is a national banking association with trust powers, duly organized and validly existing and in good standing under the laws of the United States, having the legal authority to exercise trust powers in the State of California;

(ii) The Trustee has full legal power and authority to accept the duties and obligations imposed on it by the Trust Agreement, to authenticate and deliver the Bonds, to own its properties and to carry on its business;

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(iii) No consent, approval, authorization or order of any court, regulatory authority or governmental body is required for the authentication of the Bonds or the consummation by the Trustee of the transactions contemplated herein and the Trust Agreement except such as have been obtained and except such as may be required under the state securities or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriter; and

(iv) The acceptance of its duties under the Trust Agreement and the authentication of the Bonds by the Trustee and performance by the Trustee of its obligations thereunder will not conflict with or result in a breach of any of the terms, conditions or provisions of its Articles of Incorporation or Bylaws, or to the best of such counsel's knowledge, any other agreement or instrument to which the Trustee is a party or by which it is bound, or any other existing law, regulation, court order or consent decree to which the Trustee is subject or constitute a default thereunder.

The opinion of counsel to the Escrow Agent, dated the date of the Closing, addressed to the Agency and the Underwriter, to the effect that:

(v) The Escrow Agent is a national banking association with trust powers, duly organized and validly existing and in good standing under the laws of the United States, having the legal authority to exercise trust powers in the State of California;

(vi) The Escrow Agent has full legal power and authority to accept the duties and obligations imposed on it by the Escrow Agreement, to own its properties and to carry on its business;

(vii) No consent, approval, authorization or order of any court, regulatory authority or governmental body is required for the consummation by the Escrow Agent of the transactions contemplated herein and the Escrow Agreement except such as have been obtained and except such as may be required under the state securities or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriter; and

(viii) The acceptance of its duties under the Escrow Agreement and performance by the Escrow Agent of its obligations thereunder will not conflict with or result in a breach of any of the terms, conditions or provisions of its Articles of Incorporation or Bylaws, or to the best of such counsel's knowledge, any other agreement or instrument to which the Escrow Agent is a party or by which it is bound, or any other existing law, regulation, court order or consent decree to which the Escrow Agent is subject or constitute a default thereunder.

(f) *Underwriter's Counsel Opinion.* A letter from Sidley Austin LLP, San Francisco, California, as Underwriter's Counsel, dated the date of the Closing, addressed to the Underwriter, to the effect that, based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel does not believe that, as of the date of the Closing, the Official Statement (excluding therefrom statements of material fact related to the Agency which are the subject of opinions and certificates of others, and the reports, financial and statistical data and forecasts therein, and the information included in Appendices A, B, C, D, E, F, H and I and information about DTC, Cede & Co., [and] the book-entry only system, [the Insurer and the Insurance Policy] as to which it need express no view) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) *Agency Certificate.* A certificate of the Agency, dated the date of the Closing, signed on behalf of the Agency by the Executive Secretary or other duly authorized officer of the Agency, to the effect that:

(i) The Agency Resolution was duly adopted at a meeting of the Agency which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Agency Resolution is in full force and effect and has not been modified, amended or rescinded.

(ii) No Event of Default under the Trust Agreement has occurred and is continuing.

(iii) The representations, warranties and covenants of the Agency contained in this Bond Purchase Contract are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the Agency has complied with all of the terms and conditions of this Bond Purchase Contract required to be complied with by the Agency at or prior to the date of the Closing.

(iv) To the best knowledge of the Agency after due inquiry, no event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(v) The Agency Documents are in full force and effect and none has been amended in any respect, except as approved in writing by the Underwriter.

(vi) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation, notice of which has been served on the Agency, at law or in equity before or by any court, governmental agency or body, pending or, to the best knowledge of such signing officer after due inquiry, threatened against the Agency, challenging the creation, organization or existence of the Agency, or the validity of the Agency Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Agency Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Documents, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions the right of the Agency to use the Project Second Lien Tax Revenues for payment of the Project Second Lien Bonds or the Housing Second Lien Tax Revenues for payment of the Housing Second Lien Bonds, or affects in any manner the right or ability of the Agency to collect or pledge the Project Second Lien Tax Revenues to the payment of the principal of and interest on the Project Second Lien Bonds or to collect or pledge the Housing Second Lien Tax Revenues to the payment of the principal of and interest on the Housing Second Lien Bonds.

(h) *Authority Certificate.* A certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by the Executive Secretary or other duly authorized officer of the Authority, to the effect that:

(i) The Authority is a joint exercise of powers agency, duly organized and existing under the laws of the State of California, including the JPA Act.

(ii) The Authority Resolution was duly adopted at a meeting of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded.

(iii) The representations, warranties and covenants of the Authority contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the Authority has complied with all of the terms and conditions of this Bond Purchase Contract required to be complied with by the Authority at or prior to the date of the Closing.

(iv) Except as disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation, notice of which has been served on the Authority, at law or in equity before or by any court, governmental Authority or body, pending or, to the best of such signing officer's knowledge after due inquiry, threatened against the Authority, challenging the creation, organization or existence of the Authority, or the validity of this Bond Purchase Contract or contesting the authority of the Authority to enter into or perform its obligations under this Bond Purchase Contract.

(i) *Trustee and Escrow Agent Certificates.* A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to the Underwriter, to the following effect:

(i) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept the trusts and to enter into and perform its duties under the Trust Agreement.

(ii) The Bonds have been duly authenticated and delivered to the Underwriter pursuant to direction from the Agency.

(iii) Compliance with the provisions on the Trustee's part contained in the Trust Agreement will not conflict with or constitute a breach of or default under any judgment, decree, loan agreement, agreement, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject, or, to the best knowledge of the Trustee, any material law or administrative regulation to which the Trustee is subject, as a result of which the Trustee's ability to perform its obligations under the Trust Agreement would be impaired, nor will any such compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Trust Agreement under the terms of any such law, administrative regulation, judgment, decree, loan agreement, agreement, bond, note, resolution, agreement or other instrument, except as provided by the Trust Agreement.

(iv) There is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Trustee or to the best knowledge of the Trustee, threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Trust Agreement or contesting the powers of the Trustee or its authority to enter into and perform its obligation under the Trust Agreement.

(v) No consent, approval, authorization, or other action by any governmental agency or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the executing and delivery of the Bonds and the Trust Agreement or the consummation by the Trustee of the other transactions contemplated by the Trust Agreement.

A certificate of the Escrow Agent, dated the date of Closing, in form and substance acceptable to the Underwriter, to the following effect:

(vi) The Escrow Agent is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept the trusts and to enter into and perform its duties under the Escrow Agreement.

(vii) Compliance with the provisions on the Escrow Agent's part contained in the Escrow Agreement will not conflict with or constitute a breach of or default under any judgment, decree, loan agreement, agreement, bond, note, resolution, agreement or other instrument to which the Escrow Agent is a party or is otherwise subject, or, to the best knowledge of the Escrow Agent, any material law or administrative regulation to which the Escrow Agent is subject, as a result of which the Escrow Agent's ability to perform its obligations under the Escrow Agreement would be impaired, nor will any such compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Escrow Agent pursuant to the lien created by the Escrow Agreement under the terms of any such law, administrative regulation, judgment, decree, loan agreement, agreement, bond, note, resolution, agreement or other instrument, except as provided by the Escrow Agreement.

(viii) There is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Escrow Agent or to the best knowledge of the Escrow Agent, threatened against the Escrow Agent which in the reasonable judgment of the Escrow Agent would affect the existence of the Escrow Agent or in any way contesting or affecting the validity or enforceability of the Escrow Agreement or contesting the powers of the Escrow Agent or its authority to enter into and perform its obligation under the Escrow Agreement.

(ix) No consent, approval, authorization, or other action by any governmental agency or regulatory authority having jurisdiction over the Escrow Agent that has not been obtained is or will be required for the executing and delivery of the Escrow Agreement or the consummation by the Escrow Agent of the other transactions contemplated by the Escrow Agreement.

(j) *Documents.* An original executed copy of each of the Agency Documents and the Official Statement, except that it shall be sufficient to provide a copy of the Bonds marked "specimen."

(k) *Rating.* Evidence that the Bonds have been rated "[__]" by Standard and Poor's, a Division of The McGraw-Hill Companies, Inc.

(l) *Fiscal Consultant Certificate.* A certificate of Katz Hollis, dated the Closing Date, in form and substance acceptable to the Agency and the Underwriter, substantially in the form attached hereto as <u>Appendix C</u>.

(m) *Statement of Indebtedness.* Certified copies of the most recently filed Statement of Indebtedness and Reconciliation Statement (including information regarding the Agency's available revenues).

(n) [*Insurance Policy.* The Insurance Policy issued by the Insurer.]

(o) [*Opinion of Counsel to Insurer.* An opinion of counsel to the Insurer as to the validity and enforceability of the Insurance Policy, in form and content satisfactory to Bond Counsel and Underwriter's Counsel.]

(p) *Additional Documents.* Such additional certificates, instruments and other documents as Bond Counsel, the Agency or the Underwriter may reasonably deem necessary.

If the Agency or the Authority is unable to satisfy the conditions contained in this Bond Purchase Contract, or if the obligations of the Underwriter are terminated for any reason permitted by this Bond Purchase Contract, this Bond Purchase Contract shall terminate and neither the Underwriter, the Agency, or the Authority shall be under further obligation hereunder, except as further set forth in Section 10.

Section 10. Termination Events. The Underwriter has entered into this Bond Purchase Contract in reliance upon the representations, warranties and agreements of the Agency and the Authority contained herein and upon the accuracy of the statements to be contained in the documents, opinions, and instruments to be delivered at the Closing. Accordingly, the Underwriter's obligations under this Bond Purchase Contract to purchase, accept delivery of, and pay for the Bonds on the Closing Date is subject to the performance by the Agency and the Authority of their respective obligations hereunder at or prior to the Closing. The Underwriter shall have the right to terminate this Bond Purchase Contract, without liability therefor, by notification to the Agency and the Authority if at any time between the date hereof and prior to the Closing:

(a) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(b) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State of California, or the amendment of legislation pending as of the date of this Bond Purchase Contract in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or state authority materially adversely affecting the federal or state tax status of the Agency, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(c) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State of California, or a decision by any court of competent jurisdiction within the State of California or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(d) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds are not exempt from registration under any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Trust Agreement needs to be qualified under the Trust Agreement Act of 1939, as amended and as then in effect; or

(e) additional material restrictions including, without limitation, those relating to the extension of credit by, or the charge to the net capital requirements of, not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter’s ability to trade any of the Bonds; or

(f) a general banking moratorium shall have been established by federal or State of California authorities; or

(g) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak of hostilities or a national or international calamity or crisis, or there has occurred any escalation of existing hostilities, calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market any of the Bonds or enforce contracts for sale of any of the Bonds; or

(h) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service, or an official announcement as to the possibility thereof, which, in the Underwriter’s reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(i) the commencement of any action, suit or proceeding described in Section 6(h) which, in the reasonable opinion of the Underwriter, materially adversely affects the marketability or the market price of the Bonds; or

(j) there shall be in force a general suspension of trading on the New York Stock Exchange, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of determination by that Exchange or by order of the Securities and Exchange Commission of the United States or any other governmental authority having jurisdiction; or

(k) there shall have been any materially adverse change in the affairs of the Authority or the Agency which in the Underwriter's reasonable opinion materially adversely affects the market for the Bonds.

Section 11. Expenses. The Underwriter shall be under no obligation to pay and the Agency shall pay or cause to be paid the expenses incident to the performance of the obligations of the Agency and the Authority hereunder including, but not limited to, (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Agency Documents and the cost of preparing, printing, issuing and delivering the definitive Bonds, (b) the fees and disbursements of any counsel, financial advisors, accountants or other experts or consultants retained by the Agency; (c) the fees and disbursements of Bond Counsel, (d) the cost of printing the Preliminary Official Statement and any supplements and amendments thereto and the cost of printing the Official Statement, including the requisite number of copies thereof for distribution by the Underwriter; (e) charges of rating agencies for the rating of the Bonds; and (f) the fees and disbursements of the Trustee, including but not limited to, fee and disbursements of its counsel, travel and other expenses.

The Underwriter shall pay all expenses incurred by it in connection with the public offering and distribution of the Bonds, including but not limited to, travel, and miscellaneous fees of the California Debt and Investment Advisory Commission, DTC, MSRB, or the California Public Securities Association, the cost of preparation of any Blue Sky and Legal Investment Memoranda and all Blue Sky filing fees in connection with the public offering of the Bonds, all advertising expenses in connection with the public offering of the Bonds, the fees of Underwriter's counsel, and the CUSIP Service Bureau charge for the assignment of CUSIP numbers to the Bonds.

Section 12. Notice. Any notice or other communication to be given to the Agency and the Authority under this Bond Purchase Contract may be given by delivering the same in writing to such entity at the address set forth above. Any notice or other communication to be given to the Underwriter under this Bond Purchase Contract may be given by delivering the same in writing to:

Grigsby & Associates, Inc.
311 California Street, Suite 320
San Francisco, CA 94104
Attn: [_______________]

Section 13. Entire Agreement. This Bond Purchase Contract, when accepted by the Agency and the Authority, shall constitute the entire agreement between the Agency, the Authority and the Underwriter and is made solely for the benefit of the Agency, the Authority and the Underwriter (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All the Agency's and the Authority's representations, warranties and covenants in this Bond Purchase Contract shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter.

Section 14. Counterparts. This Bond Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 15. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 16. State of California Law Governs. The validity, interpretation and performance of this Bond Purchase Contract shall be governed by the laws of the State of California.

Section 17. No Assignment. The rights and obligations created by this Bond Purchase Contract shall not be subject to assignment by the Underwriter, the Authority or the Agency without the prior written consent of the other parties hereto.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument will become a binding agreement among the Agency, the Authority and the Underwriter in accordance with its terms.

GRIGSBY & ASSOCIATES, INC.

By: ______________________________________

Accepted as of the date first stated above:

COMPTON PUBLIC FINANCE AUTHORITY

By: ________________________________
Authorized Signatory

COMPTON URBAN COMMUNITY
DEVELOPMENT COMMISSION,
ACTING AS THE COMMUNITY
REDEVELOPMENT AGENCY OF THE
CITY OF COMPTON

By: ________________________________
Authorized Signatory

#4.

APPENDIX A

COMPTON REDEVELOPMENT PROJECT
SECOND LIEN TAX ALLOCATION BONDS (HOUSING)
SERIES 2010A

(SERIES 2010A BONDS)

Aggregate Principal Amount:	$
Original Issue Premium:	
Underwriting Discount:	
Purchase Price:	$

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield

APPENDIX A
(Continued)

COMPTON REDEVELOPMENT PROJECT
SECOND LIEN TAX ALLOCATION BONDS
SERIES 2010B

(SERIES 2010B BONDS)

Aggregate Principal Amount:	$
Original Issue Premium:	
Underwriting Discount:	
Purchase Price:	$

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield

#4.

APPENDIX A
(Continued)

COMPTON REDEVELOPMENT PROJECT
SECOND LIEN TAX ALLOCATION BONDS (TAXABLE)
SERIES 2010C

(SERIES 2010C BONDS)

Aggregate Principal Amount:	$
Original Issue Premium:	
Underwriting Discount:	
Purchase Price:	$

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield

APPENDIX B

CERTIFICATE OF COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, CALIFORNIA AS TO FINALITY OF PRELIMINARY OFFICIAL STATEMENT

I, [______________], hereby certify that I am the Executive Secretary of the Compton Urban Community Development Commission, acting as the Community Redevelopment Agency of the City of Compton, California (the "Agency"), and, as such, I am authorized to execute this Certificate on behalf of the Agency.

I hereby further certify that there has been delivered to Grigsby & Associates, Inc. (the "Underwriter") $[__________]* of the Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "Housing Second Lien Bonds"), $[__________]* of the Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010B (the "Series 2010B Bonds"), $[__________]* of the Compton Redevelopment Project, Second Lien Tax Allocation Bonds (Taxable), Series 2010C (the "Series 2010C Bonds," and, together with the Housing Second Lien Bonds and the Series 2010B Bonds, the "Bonds"), a preliminary official statement relating to the Bonds, dated [April ___, 2010] (including the cover page, the introductory statement and all appendices thereto, the "Preliminary Official Statement"), which the Agency deems to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12 as such statements and information relate to the Agency.

The Agency hereby approves of the use and distribution by the Underwriters of the Preliminary Official Statement and the posting and distribution of the Preliminary Official Statement through the MuniOS.com website.

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* Preliminary, subject to change.

IN WITNESS WHEREOF, the undersigned has executed this certificate on behalf of the Agency as to the finality of the Preliminary Official Statement as of the date thereof.

COMPTON URBAN COMMUNITY
DEVELOPMENT COMMISSION,
ACTING AS THE COMMUNITY
REDEVELOPMENT AGENCY OF THE
CITY OF COMPTON

By: ________________________________
Executive Secretary

#4.

APPENDIX C

CERTIFICATE OF FISCAL CONSULTANT

Katz Hollis, Los Angeles, California (the "Fiscal Consultant"), has prepared the Fiscal Consultant Report (the "Report") described in the Preliminary Official Statement, dated April __, 2010 (the "Preliminary Official Statement") and the Final Official Statement, dated May __, 2010 (the "Final Official Statement"), related to the issuance by the Compton Urban Community Development Commission, acting as the Community Redevelopment Agency of the City of Compton (the "Agency"), of the Agency's Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "Housing Second Lien Bonds"), its Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010B (the "Series 2010B Bonds"), and its Compton Redevelopment Project, Second Lien Tax Allocation Bonds (Taxable), Series 2010C (the "Series 2010C Bonds," and, together with the Series 2010B Bonds, the "Project Second Lien Bonds," and, together with the Project Second Lien Bonds and the Housing Second Lien Bonds, the "Bonds").

This Certificate of Fiscal Consultant (the "Certificate") is rendered pursuant to Section 9(n) of the Bond Purchase Contract between the Agency, the Compton Public Finance Authority, and Grigsby & Associates, Inc. (the "Underwriter").

The Fiscal Consultant hereby certifies that:

1. The Report has been prepared in order to substantiate the availability of Project Second Lien Tax Revenues and Housing Second Lien Tax Revenues (as defined in the Preliminary Official Statement and the Final Official Statement) generated within the Compton Redevelopment Project Area (the "Project Area"). The Fiscal Consultant understands that Project Second Lien Tax Revenues will be required to pay debt service for the Project Second Lien Bonds and that the Housing Second Lien Tax Revenues will be required to pay debt service for the Housing Second Lien Bonds.

2. The Report represents the Fiscal Consultant's professional judgment as to the availability of such Project Second Lien Tax Revenues and Housing Second Lien Tax Revenues. The Report is subject to certain assumptions, all of which are identified in the Report, under the heading "________________." In the Fiscal Consultant's professional judgment, each of the assumptions is reasonable.

3. The Fiscal Consultant prepared the Report in accordance with sound industry practices in the municipal securities market relating to the issuance, offering and sale of tax allocation bonds, such as the Bonds. The Fiscal Consultant has had full access to all information necessary or desirable in order to prepare the Report and to render this Certificate.

4. The Fiscal Consultant prepared the Report pursuant to a contract with the Agency. In serving pursuant to that contract, the Fiscal Consultant was independent of all other parties, other than the Agency and the City of Compton, involved in the issuance, offering and sale of the Bonds, and in so serving, the Fiscal Consultant did not have any conflicts of interest.

#4.

5. The Fiscal Consultant consents to all references to and descriptions of the Fiscal Consultant and the Report in the Preliminary Official Statement and the Final Official Statement, and to the inclusion of the Report in the Preliminary Official Statement and the Final Official Statement.

6. The Fiscal Consultant understands that the Preliminary Official Statement and the Final Official Statement would not have been delivered except in anticipation of, and that the Bonds would not be issued and delivered without, the execution by the Fiscal Consultant of this Certificate.

7. The Fiscal Consultant has reviewed the Report contained in APPENDIX A of the Preliminary Official Statement and the Final Official Statement. Nothing has come to the attention of the Fiscal Consultant between the date of the Report and the date hereof that would materially alter any of the provisions of either the Preliminary Official Statement or the Final Official Statement, or in any of the data contained therein that references the Report.

8. Specifically, and without limitation, all references in the Preliminary Official Statement and the Final Official Statement relating to the Fiscal Consultant and the Report under the headings "SECURITY FOR THE BONDS—Tax Sharing Agreements," "RISK FACTORS - Assessment Appeals and Reductions to Assessed Values – Recently Resolved Appeals and Pending Assessment Appeals," "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Property Tax Administrative Cost," "THE PROJECT AREA," and "TAX REVENUES AND ANNUAL DEBT SERVICE FOR THE BONDS," are, as of the date hereof, fairly presented and accurate and complete in all material respects.

9. In connection with the Fiscal Consultant's participation in the preparation of the Preliminary Official Statement and the Final Official Statement, the Fiscal Consultant has no reason to believe that the Final Official Statement contains, as of the date hereof, any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

10. The Sixth Supplemental Trust Agreement pursuant to which the Housing Second Lien Bonds are issued provide that the pledge and lien of Tax Revenues, as defined in the Trust Agreement, with respect to such Housing Second Lien Bonds, are subordinate to the pledge and lien of Tax Revenues to the outstanding senior lien bonds (defined in the Trust Agreement as "Parity Bonds") being the Agency's Series 1995-1 Bonds and the Series 2006A Bonds, issued under the Trust Agreement. For each Fiscal Year so long as the senior lien bonds shall remain outstanding, the amount of the Tax Revenues pledged to pay debt service on the outstanding senior bonds and the Housing Second Lien Bonds, if collected in the maximum amount permitted pursuant to the Redevelopment Plan, considering the statutory and contractual limitations thereon, is sufficient to pay 100 percent of the combined debt service on the outstanding senior bonds and the Housing Second Lien Bonds. However, no representation is made herein as to the amount of Tax Revenues that will actually be collected in any such year.

11. The Supplemental Trust Agreements pursuant to which the Project Second Lien Bonds are issued provide that the pledge and lien of Tax Revenues, as defined in the Trust Agreement, with respect to such Project Second Lien Bonds, are subordinate to the pledge and lien of Tax Revenues to the outstanding senior lien bonds (defined in the Trust Agreement as

"Parity Bonds") being the Agency's Series 1995-1 Bonds and the Series 2006A Bonds, issued under the Trust Agreement. For each Fiscal Year so long as the senior lien bonds shall remain outstanding, the amount of the Tax Revenues pledged to pay debt service on the outstanding senior bonds and the Project Second Lien Bonds, if collected in the maximum amount permitted pursuant to the Redevelopment Plan, considering the statutory and contractual limitations thereon, is sufficient to pay 100 percent of the combined debt service on the outstanding senior bonds and the Project Second Lien Bonds. However, no representation is made herein as to the amount of Tax Revenues that will actually be collected in any such year.

12. The undersigned is qualified and duly authorized to execute and deliver this Certificate for and in the name and on behalf of the Fiscal Consultant; is doing so pursuant to that authorization; and is knowledgeable as to all certifications set forth herein.

Dated: May __, 2010

KATZ HOLLIS

By: ____
Name: __________________________________
Title: __________________________________

#4.

ESCROW AGREEMENT

by and between

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

Dated as of April __, 2010

Relating to Tax Sharing Payments to Certain Affected Taxing Entities
(Compton Redevelopment Project Area)

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#4.

ESCROW AGREEMENT

This Escrow Agreement (this "Agreement") is made and entered into and dated as of April __, 2010, by and between the Community Redevelopment Agency of the City of Compton, a public body, corporate and politic ("Agency"), and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as Escrow Agent (together with any successors and assigns, the "Escrow Agent").

R E C I T A L S

A. The Agency has previously issued its (i) Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable) (the "1995 Bonds"), pursuant to a Master Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), as supplemented by a Third Supplemental Trust Agreement, dated as of June 1, 1995 (the "Third Supplement"), each by and between the Agency and Seattle-First National Bank, as succeeded by U.S. Bank National Association, as trustee (the "Trustee"), and (ii) Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A (the "2006 Bonds"), pursuant to the Master Trust Agreement, as supplemented by a Fifth Supplemental Trust Agreement, dated as of July 1, 2006 (the "Fifth Supplement"), by and between the Agency and the Trustee.

B. The 1995 Bonds are currently outstanding in aggregate principal amount of $___________, and the 2006 Bonds are currently outstanding in aggregate principal amount of $___________.

C. In order to finance additional low and moderate income housing redevelopment activities with respect to the Project Area, the Agency desires to issue its Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "2010A Bonds"), pursuant to the Master Trust Agreement, as supplemented by a Sixth Supplemental Trust Agreement, dated as of April 1, 2010, by and between the Agency and the Trustee (the "Sixth Supplement"), by and between the Agency the Trustee, and payable on a subordinate basis to the 1995 Bonds and the 2006 Bonds.

D. In order to finance redevelopment activities with respect to the Project Area, the Agency desires to issue its Compton Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010B (the "2010B Bonds"), pursuant to the Master Trust Agreement, as supplemented by a Seventh Supplemental Trust Agreement, dated as of April 1, 2010, by and between the Agency and the Trustee (the "Seventh Supplement"), and payable on a subordinate basis to the 1995 Bonds and the 2006 Bonds.

E. In order to finance (i) the Agency's obligation to make statutory tax sharing payments with respect to tax increment received in Fiscal Year 2008-09 to non-local educational agencies, (ii) certain tax sharing amounts payable to the Compton Unified School District under an Agreement for Cooperation with the Compton Unified School District, and (iii) the Agency's obligation to deposit moneys in the Supplemental Educational Revenue Augmentation Fund in fiscal years 2009-10 and 2010-11, or alternatively, if subsequent to the sale of the 2010C Bonds (as defined herein), an order or judgment is issued by the Superior Court of the County of Sacramento in *California Redevelopment Association et al. v. Genest et* *al.*, Case No. 34-2009-80000359-CU-WM-GDS (*CRA v. Genest*) that provides the Agency with a right to withhold such SERAF payments, in order to finance additional redevelopment activities of the Agency with respect to the Project Area (including non-housing activities, but only to the extent that any proceeds of the 2010C Bonds expended on non-housing activities are replaced in full by any lawfully available monies of the Agency that are not Housing Tax Revenues (as defined in the Trust Agreement)), the Agency desires to issue its Compton Redevelopment Project Second Lien Tax Allocation Bonds (Taxable), Series 2010C (the "2010C Bonds"; and collectively with the 2010A Bonds and the 2010B Bonds, the "2010 Bonds"), pursuant to the Master Trust Agreement, as supplemented by a Eighth Supplemental Trust Agreement, dated as of April 1, 2010, by and between the Agency and the Trustee (the "Eighth Supplement"), and payable on a subordinate basis to the 1995 Bonds and the 2006 Bonds and on a parity with the 2010B Bonds.

F. Concurrently with the issuance of the 2010 Bonds and entering into the Sixth Supplement, the Seventh Supplement, and the Eighth Supplement to authorize the issuance thereof, the Agency desires to, and the Escrow Agent is willing to, enter into this Agreement, to provide for the set aside, escrow, and proper and timely application of the monies deposited into said escrow by the Agency with respect to (i) its statutory tax sharing obligations to affect taxing entities (collectively, the "Taxing Entities") under the Community Redevelopment Law, set forth in Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code (the "Redevelopment Law"), specifically Sections 33607.5 and 33607.7 thereof, as amended from time to time (the "Statutory Tax Sharing Statutes"), which are not subordinate to any bonds issued by the Agency but which pursuant to the Trust Agreement (as defined herein) are excluded from the pledge of a portion of tax increment received by the Agency pursuant to the Redevelopment Law, (ii) its payment obligations to the County of Los Angeles (the "County") pursuant to the County Tax Sharing Agreement (as defined herein), on a subordinate basis to the 1995 Bonds, the 2006 Bonds, and the 2010 Bonds, (iii) its payment obligations to the Compton Unified School District (the "CUSD") pursuant to the CUSD Tax Sharing Agreement (as defined herein), on a subordinate basis to the 1995 Bonds, the 2006 Bonds, and the 2010 Bonds, (iv) its payment obligations to the Compton Community College District ("CCCD") pursuant to the CCCD Tax Sharing Agreement (as defined herein), on a subordinate basis to the 1995 Bonds, the 2006 Bonds, and the 2010 Bonds, and (v) in coordination with the administration and release of monies pursuant to the Trust Agreement (as defined herein), for debt service and related obligations on the 1995 Bonds, the 2006 Bonds, the 2010 Bonds and any other bonds authorized and issued pursuant to the Trust Agreement, from time to time outstanding.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. <u>Definitions</u>. Unless the context clearly requires otherwise, capitalized terms used in this Agreement shall have the meanings ascribed to them in the introductory paragraph and the Recitals hereof. In addition, as used herein, the following terms shall have the following meanings:

"CCCD" means the Compton Community College District.

#4.

"CCCD Tax Sharing Agreement" means that certain Agreement for Cooperation, dated as of December 29, 1993, by and between the CCCD and the Agency with respect to a portion of the Project Area, as interpreted by that certain Settlement Agreement and Release, dated as of March 5, 2007, by and among the CCCD, the City of Compton, the Agency, and the City Council of the City of Compton, and the Urban Community Development Commission of the City of Compton.

"County" means the County of Los Angeles.

"County Deferred Amount" means the "Deferral Amount" as defined in Section 2.01(c) of the County Tax Sharing Agreement.

"County Tax Sharing Agreement" means that certain Agreement for Cooperation, dated as of June 9, 1992, by and between the County and the Agency with respect to a portion of the Project Area.

"CUSD" means the Compton Unified School District.

"CUSD Tax Sharing Agreement" means that certain Agreement for Cooperation, effective January 11, 1994, by and between the CUSD and the Agency with respect to a portion of the Project Area.

"Deferral Repayment Agency Resolution" means Resolution No. __, adopted on _______ __, 2010 by the Commissioners of the Urban Community Development Commission, acting as 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.

"Local Education Agency" shall have the meaning ascribed to such term in the Statutory Tax Sharing Statutes.

"Senior Bonds" means the Outstanding 1996 Bonds and the 2006 Bonds.

"Staff Repayment Election" means the final repayment schedule determined by the Agency staff pursuant to the Deferral Repayment Agency Resolution.

"Statutory Tax Sharing Statutes" means Sections 33607.5 and 33607.7 of the Redevelopment Law, as amended from time to time.

"Taxing Entity" means an affected taxing entity to which the Agency is required to make payments pursuant to the Statutory Tax Sharing Statutes, excluding any affected taxing entity which prior to January 1, 1994 entered into a tax sharing agreement or pass-through agreement with the Agency pursuant to former Section 33401 of the Community Redevelopment Law (as in effect prior to January 1, 1994).

"Trust Agreement" means the Master Trust Agreement, as supplemented and amended by the Third Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement, and the Eighth Supplement, and as further supplemented or amended from time to time pursuant to the provisions thereof.

"2010 Project Second Lien Bonds" means the Outstanding 2010B Bonds and 2010C Bonds.

Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Trust Agreement.

Section 2. Appointment of Escrow Agent. The Agency hereby appoints U.S. Bank National Association, as Escrow Agent under this Agreement. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the instructions to the Escrow Agent herein provided are in a form satisfactory to it.

Section 3. Escrow Fund. There is hereby created and established with the Escrow Agent a special trust fund designated the "Escrow Fund" (the "Escrow Fund"), to be held by the Escrow Agent separate and apart from all other funds and accounts of the Agency or the Escrow Agent and used only for the purposes and in the manner provided in this Agreement. Moneys on deposit in the Escrow Fund shall be held in trust by the Escrow Agent and applied solely as provided in this Agreement.

Section 4. Deposit to Escrow Fund.

(a) Trust Agreement Provisions for Transfer and Release of Monies Not Constituting Pledged Tax Revenues. Pursuant to Section 4.03(b) of the Trust Agreement, to the extent any portion of the Project Tax Revenues received by the Trustee do not constitute Pledged Tax Revenues at the time of receipt thereof by the Trustee, the Trustee promptly shall transfer such portion of Project Tax Revenues not constituting Pledged Tax Revenues to the Agency (after payment of any outstanding fees and expenses due to the Trustee for the Trustee's services under the Trust Agreement) for use by the Agency for any lawful purpose.

(b) Pledged Tax Revenues Exclude Amounts Payable to a Taxing Entity Pursuant to Statutory Tax Sharing Statutes. Pursuant to the Fifth Supplement (with respect to the Senior Bonds), and the Seventh Supplement, and the Eighth Supplement (with respect to the 2010 Project Second Lien Bonds), Pledged Tax Revenues as defined with respect to each such series of Bonds exclude amounts payable to a Taxing Entity pursuant to Statutory Tax Sharing

Statutes. Therefore, such amounts do not constitute Pledged Tax Revenues upon their receipt by the Trustee.

(c) Project Tax Revenues Are No Longer Pledged Tax Revenues After Funding of Bonds Debt Service. Pursuant to the Fifth Supplement, if in any Bond Year the amount of Pledged Tax Revenues transferred to the Trustee is sufficient to (i) pay the principal and interest coming due in such Bond Year on the Senior Bonds then Outstanding, and (ii) if necessary, bring the balance in the reserve fund(s) for the Senior Bonds to the applicable Reserve Fund Requirement, then Tax Revenues received by (or on behalf of) the Agency, as applicable, thereafter during such Bond Year shall no longer be "Pledged Tax Revenues" for the purposes of the Senior Bonds, although they still constitute "Pledged Tax Revenues" for the purposes of the 2010 Project Second Lien Bonds.

Pursuant to the Seventh Supplement and the Eighth Supplement, if in any Bond Year the amount of Pledged Tax Revenues transferred to the Trustee is sufficient to (i) pay the principal and interest coming due in such Bond Year on the 2010 Project Second Lien Bonds and any other Project Parity Second Lien Bonds then Outstanding, and (ii) if necessary, bring the balance in the reserve fund(s) for the 2010 Project Second Lien Bonds and Project Parity Second Lien Bonds, if any, then Outstanding to the applicable Reserve Fund Requirement, then Project Tax Revenues received by (or on behalf of) the Agency thereafter during such Bond Year shall no longer be "Pledged Tax Revenues" for the purposes of the 2010 Project Second Lien Bonds and any other Project Parity Second Lien Bonds then Outstanding.

Therefore, for each Bond Year, any amounts received by the Trustee in excess of the amounts required by clauses (i) and (ii) of the immediately preceding paragraphs of this subsection (c) do not constitute Pledged Tax Revenues with respect to the Senior Bonds, the 2010 Project Second Lien Bonds and any other Project Parity Second Lien Bonds then Outstanding at such time that the amounts required by such clauses have accumulated in the Project Revenue Fund from Project Tax Revenues received by the Trustee.

(d) Direction to Deposit Non-Pledged Project Tax Revenues in Escrow Fund. As from time to time Project Tax Revenues are to be transferred by the Trustee to the Agency pursuant to Section 4.03(b) of the Trust Agreement, the Agency hereby directs the Trustee to transfer and deposit in the Escrow Fund any Project Tax Revenues required to be transferred by the Trustee to the Agency pursuant to Section 4.03(b) of the Trust Agreement; provided, if the Escrow Agent is not the same as the Trustee at any time and this Agreement is in full force and effect at such time, the Agency agrees promptly upon its appointment of a successor Escrow Agent pursuant to Section 11 hereof to provide an instruction to the Trustee to transfer any monies to be transferred pursuant to Section 4.03(b) of the Trust Agreement to the Escrow Agent, on and behalf of the Agency.

Section 5. Investment of Escrow Fund. Monies held by the Escrow Agent in the Escrow Fund shall be invested and reinvested as directed by a written instruction an Authorized Agency Representative of the Agency solely in (a) Government Obligations of the type described in subdivision (i) or (ii) of the definition thereof in the Trust Agreement, (b) obligations of any agency or instrumentality of the United States of America backed by the full faith and credit of the United States of America, or (c) a money market fund rated in the highest rating category by Moody's and S&P. The Agency shall not select maturities of investments securities for the Escrow Fund that extend beyond the dates when funds are expected to be requested by the Agency to be transferred therefrom pursuant to Section 6 hereof to make tax sharing payments to the Local Education Agencies, other Taxing Entities, the County, and the CUSD. If the Agency fails to direct the investment of such monies as required by this Section by 3:00 p.m. on the second Business Day preceding the day when investments are to be made, the Escrow Agent shall invest such monies in a money market fund rated in the highest rating category by Moody's and S&P. The Escrow Agent is hereby authorized and empowered to deposit uninvested monies held hereunder from time to time in demand deposit accounts, without payment for interest thereon as provided hereunder, established at commercial banks that are corporate affiliates of the Escrow Agent.

Section 6. Payment of Amounts in Escrow Fund.

(a) Transfer and Release of Statutory Tax Sharing Monies.

As to Project Tax Revenues received by or on behalf of the Agency during any Fiscal Year, on or prior to the tenth (10th) Business Day preceding the first February 1 occurring after the end of such Fiscal Year, the Agency shall provide to the Escrow Agent a written instruction and certification of an Authorized Agency Representative (as defined in the Trust Agreement) in substantially the form attached hereto as Exhibit "A", which states the amount required by the Agency to make (i) payment to Local Education Agencies under the Statutory Tax Sharing Statutes with respect to Tax Revenues received by or on behalf of the Agency during such Fiscal Year, and (ii) payment to Taxing Entities other than Local Education Agencies under the Statutory Tax Sharing Statutes with respect to Tax Revenues received by or on behalf of the Agency during such Fiscal Year. The amounts in such written instruction shall additionally shall be certified by an Independent Redevelopment Consultant to the effect that, to the best of such consultant's knowledge after due investigation, the amounts shown on such written instruction represent accurate and correct calculations pursuant to the Statutory Tax Sharing Statutes.

(b) Transfer and Release of Monies Payable to County Under County Tax Sharing Agreement, CUSD Under CUSD Tax Sharing Agreement, and CCCD Under CCCD Tax Sharing Agreement.

On or prior to the tenth (10th) Business Day preceding each August 2, the Agency shall provide to the Escrow Agent a written instruction and certification of an Authorized Agency Representative (as defined in the Trust Agreement) in substantially the form attached hereto as Exhibit "B", which states the amount required by the Agency to make (i) payment to the County under the County Tax Sharing Agreement with respect to Tax Revenues received in the prior fiscal year, (ii) payment to the County for the installment of the County Deferred Amount next due and payable in accordance with the Staff Repayment Election under the Deferral Repayment Agency Resolution, (iii) payment to the CUSD under the CUSD Tax Sharing Agreement with respect to Tax Revenues received in the prior fiscal year, and (iv) payment to the CCCD under the CCCD Tax Sharing Agreement with respect to Tax Revenues received in the prior fiscal year. The amounts in such written instruction additionally shall be certified by an Independent Redevelopment Consultant to the effect that, to the best of such consultant's knowledge after due investigation, the amounts shown on such written instruction represent accurate and correct calculations pursuant to the County Tax Sharing Agreement, the Deferral Repayment Agency Resolution, the Staff Repayment Election, the CUSD Tax Sharing Agreement, and the CCCD Tax Sharing Agreement, as applicable.

(c) Within two (2) Business Days, or such additional Business Days needed by the Escrow Agent to sell or liquidate investments in the Escrow Fund, after the Escrow Agent's receipt of any written instruction and certification of an Authorized Agency Representative pursuant to paragraph (a) or (b), including with the certification of an Independent Redevelopment Consultant required thereunder, all in substantially the form provided in Exhibit "A" or Exhibit "B" hereto, as applicable, the Escrow Agent shall transfer the monies from the Escrow Fund as specified in such written instruction and certification; provided, if insufficient monies and/or investments are on deposit in the Escrow Fund to accomplish such transfer, the Escrow Agent promptly shall notify the Agency of such insufficiency, shall reject the written instruction and certification submitted by the Agency, and shall not be required to transfer any amounts until (x) monies on deposit in the Escrow Fund are sufficient to complete the entire amounts required to be transferred pursuant to the Statutory Tax Sharing Statutes (with respect to a written instruction and certification in the form of Exhibit "A"), or the County Tax Sharing Agreement, the Deferral Repayment Agency Resolution, the Staff Repayment Election, the CUSD Tax Sharing Agreement, and the CCCD Tax Sharing Agreement (with respect to a written instruction and certification in the form of Exhibit "B"), as applicable, and (y) the Agency has submitted a new written instruction and certification in substantially the form provided in Exhibit "A" or Exhibit "B" hereto, as applicable, at such time.

(d) During each year ended August 1, promptly after (i) provision for payment to the Local Education Agencies, the Taxing Entities that are not Local Education Agencies, the County, the CUSD, and the CCCD has been made by the Agency as set forth in paragraphs (a) and (b) above with respect to Project Tax Revenues received by or on behalf of the Agency, and (ii) the transfer of monies with respect to all such obligations has been made by the Trustee pursuant to paragraph (c) above, the Escrow Agent shall promptly transfer to the Agency monies then remaining on deposit in the Escrow Fund (after payment of any outstanding fees and expenses due to the Escrow Agent for the Escrow Agent's services hereunder) for use by the Agency for any lawful purpose.

Section 7. Compliance with Agreement. The Agency hereby directs, and the Escrow Agent, in its capacity as escrow agent hereunder hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, including the timely transfer of moneys pursuant to Section 6, in order to effectuate this Agreement. The liability of the Escrow Agent for the transfers, pursuant to Section 6, shall be limited to the application, in accordance with this Agreement, of moneys and investments in the Escrow Fund (including interest earnings thereon, if any) available for the purposes of and in accordance with this Agreement.

Section 8. Tax Covenants. Notwithstanding any other provision of this Agreement, the Agency hereby covenants that no part of the proceeds of the Senior Bonds or the 2010 Bonds or any other bonds issued pursuant to the Trust Agreement or of the moneys or funds held by the Escrow Agent hereunder shall be used, and that the Agency shall not direct the Escrow Agent to use, any of such moneys or funds at any time, directly or indirectly, in a manner that would cause any of the Senior Bonds, the 2010 Bonds or any other bonds issued pursuant to the Trust Agreement to be an "arbitrage bond" under Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the respective dates of issuance of the Senior Bonds, the 2010 Bonds or any other bonds issued pursuant to the Trust Agreement, as applicable.

Section 9. Amendments. This Agreement is made for the benefit of the Agency, and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of the Escrow Agent and the Agency. This Agreement is made solely for the benefit of the Agency and the Escrow Agent (including the successors or assigns of the Escrow Agent), and no other person shall acquire or have any right hereunder or by virtue hereof.

Section 10. Compensation of Escrow Agent. In consideration of the services rendered by the Escrow Agent under this Agreement, the Agency agrees to and shall pay to the Escrow Agent its proper fees and expenses in accordance with the agreement therefor reached by the Escrow Agent and the Agency, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, from any moneys of the Agency lawfully available therefor and the Escrow Agent shall have no lien whatsoever upon any of the moneys or investment securities in the Escrow Fund for the payment of such proper fees and expenses.

Section 11. Resignation or Removal of Escrow Agent; Appointment of Successor. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving written notice to the Agency specifying the date when such resignation will take effect, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the Agency as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent. The Escrow Agent may be removed at any time by the Agency with not less than 30 days' written notice to the Escrow Agent and the Trustee.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, within 60 days the Agency shall appoint a succeeding Escrow Agent to fill such vacancy. The Agency shall give written notice of any such appointment made by it to the Escrow Agent and to the Trustee.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than $75,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor Escrow Agent and to the Agency, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor Escrow Agent; but such predecessor Escrow Agent shall, nevertheless, on the written request of such successor Escrow Agent or the Agency execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor Escrow Agent hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the Agency be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Agency.

Any entity into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any entity resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party, shall, if it meets the qualifications set forth in the third paragraph of this Section, and if it is otherwise satisfactory to the Agency, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 12. Limitation of Powers and Duties. The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Section 5. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

Section 13. Indemnification. To the extent permitted by law, the Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the Agency or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the Agency shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's employees. In no event shall the Agency or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and removal or resignation of the Escrow Agent.

Section 14. Limitation of Liability. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the payment amounts to the County pursuant to the County Tax Sharing Agreement, to affected Taxing Entities pursuant to the Statutory Tax Sharing Statutes, to the CUSD pursuant to the CUSD Tax Sharing Agreement, or to the CCCD pursuant to the CCCD Tax Sharing Agreement, or any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the Recitals of this Agreement shall be taken as the statements of the Agency, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the payment amounts to the County pursuant to the County Tax Sharing Agreement, to affected Taxing Entities pursuant to the Statutory Tax Sharing Statutes, to the CUSD pursuant to the CUSD Tax Sharing Agreement, or to the CCCD pursuant to the CCCD Tax Sharing Agreement or to the validity of this Agreement as to the Agency and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion or advice of such counsel shall have full authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the Agency. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties in accordance with this Agreement, or in the exercise of its rights or powers. Anything in this Agreement notwithstanding, the Escrow Agent shall not be liable for consequential (*i.e.*, special or indirect) losses or damages in performing its duty or in exercising its rights or power pursuant to this Agreement. The Escrow Agent shall not be responsible for any loss from investments, sales, or transfers undertaken in accordance with the provisions of this Agreement.

Section 15. Termination. This Agreement shall terminate at such time that a plan limitation for the Agency's receipt of tax increment under the redevelopment plan for the

Project Area has been reached with the consequence that the Agency is no longer entitled to receive Tax Revenues, or upon the prior written consent of both the Agency and the Escrow Agent. The Agency shall provide written notice to the Trustee and the Escrow Agent of such termination. Upon such termination, all moneys remaining in the Escrow Fund after payment of any amounts due the Escrow Agent hereunder shall be released and transferred to the Agency for use by the Agency for any lawful purpose.

Section 16. Governing Law. This Agreement shall be governed by the law of the State of California.

Section 17. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Agency or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the Agency or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 18. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

(*Escrow Agreement*)

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and appointed or elected officials as of the date first written above.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

By:____
Chairman

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By:____
Authorized Officer

EXHIBIT "A"

FORM OF ESCROW FUND TRANSFER REQUEST (STATUTORY TAX SHARING)

Pursuant to Section 6(a) of the Escrow Agreement, dated as of April __, 2010 ("Escrow Agreement"), by and between the Community Redevelopment Agency of the City of Compton (the "Agency") and U.S. Bank National Association (the "Escrow Agent"), the Escrow Agent is hereby requested by the Agency to transfer to an account of the Agency designated below the following amounts:

TRANSFER AMOUNTS:

- $__________________________, for payments required to be paid to Local Education Agencies pursuant to the Statutory Tax Sharing Statutes, with respect to Fiscal Year 20__-20__
- $__________________________, for payments required to be paid to Taxing Entities other than Local Education Agencies pursuant to the Statutory Tax Sharing Statutes, with respect to Fiscal Year 20__-20__

FROM: the Escrow Fund, established and maintained under the Escrow Agreement

TO: ______________________________ *(Agency to complete account information)*
____
____
____

On behalf of the Agency, the undersigned Authorized Representative of the Agency hereby certifies that the Agency shall use such monies transferred solely for payment to the Local Education Agencies and other the Taxing Entities for the respective obligations specified above.

Dated: ___________ COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

By:____
Authorized Representative

I, the undersigned, hereby certify that I am an authorized representative of an Independent Redevelopment Consultant (as defined in the Escrow Agreement) and, to the best of my knowledge after due investigation, the amounts shown on such written instruction represent accurate and correct calculations pursuant to the Statutory Tax Sharing Statutes.

Dated: ___________ [NAME OF INDEPENDENT REDEVELOPMENT CONSULTANT]

By: ____
Authorized Representative

EXHIBIT "B"

FORM OF ESCROW FUND TRANSFER REQUEST
(COUNTY, CUSD & CCCD TAX SHARING)

Pursuant to Section 6(a) of the Escrow Agreement, dated as of April __, 2010 ("Escrow Agreement"), by and between the Community Redevelopment Agency of the City of Compton (the "Agency") and U.S. Bank National Association (the "Escrow Agent"), the Escrow Agent is hereby requested by the Agency to transfer to an account of the Agency designated below the following amounts:

TRANSFER AMOUNTS:

- $__________________________, for payment to the County under the County Tax Sharing Agreement, with respect to Fiscal Year 20__-20__
- $__________________________, for payment to the County for the installment of the County Deferred Amount next due and payable in accordance with the Staff Repayment Election under the Deferral Repayment Agency Resolution
- $__________________________, for payment to the CUSD under the CUSD Tax Sharing Agreement, with respect to Fiscal Year 20__-20__
- $__________________________, for payment to the CCCD under the CCCD Tax Sharing Agreement, with respect to Fiscal Year 20__-20__

FROM: the Escrow Fund, established and maintained under the Escrow Agreement

TO: ______________________________ *(Agency to complete account information)*
____
____
____

On behalf of the Agency, the undersigned Authorized Representative of the Agency hereby certifies that the Agency shall use such monies transferred solely for payment to the County for the obligations specified above.

Dated: ___________ COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

By:____
Authorized Representative

I, the undersigned, hereby certify that I am an authorized representative of an Independent Redevelopment Consultant (as defined in the Escrow Agreement) and, to the best of my knowledge after due investigation, the amounts shown on such written instruction represent accurate and correct calculations pursuant to the County Tax Sharing Agreement, the Deferral Repayment Agency Resolution, the Staff Repayment Election, the CUSD Tax Sharing Agreement, and the CCCD Tax Sharing Agreement, as applicable.

Dated: ___________ [NAME OF INDEPENDENT REDEVELOPMENT CONSULTANT]

By: ____
Authorized Representative

#4.

COMPTON URBAN COMMUNITY DEVELOPMENT COMMISSION,
ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON, CALIFORNIA

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

EIGHTH SUPPLEMENTAL TRUST AGREEMENT

Dated as of April 1, 2010

Relating to

$___________
Compton Redevelopment Project
Second Lien Tax Allocation Bonds (Taxable),
Series 2010C

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#4.

Eighth Supplemental Trust Agreement

This Eighth Supplemental Trust Agreement, dated as of April 1, 2010 (this "Eighth Supplemental Trust Agreement"), is entered into by and between the Compton Urban Community Development Commission, acting as the Community Redevelopment Agency of the City of Compton, a public body, corporate and politic organized and existing under the laws of the State of California (the "Agency"), and U.S. Bank National Association, a national banking association duly organized and existing under laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as trustee (the "Trustee").

Recitals

A. The Agency is a redevelopment agency, a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers, all under and pursuant to Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code (the "Law"), and the powers of the Agency include the power to issue bonds for any of its corporate purposes.

B. A redevelopment plan (the "Plan") for a redevelopment project area known and designated as the "Compton Redevelopment Project Area" (the "Project Area") has been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with.

C. The Plan contemplates that the Agency would issue bonds from time to time to finance a portion of the costs of redevelopment of the Project Area.

D. The Agency is authorized under the Law to issue bonds or notes for any of its corporate purposes.

E. To further provide for the issuance of bonds from time to time and set forth certain terms pertaining thereto, the Agency has entered into the Master Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), by and between the Agency and Seattle-First National Bank, the prior trustee (the "Prior Trustee").

F. The Agency has previously issued its Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 1995A (the "Series 1995A Bonds") under the Master Trust Agreement, as supplemented by the First Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and the Prior Trustee.

G. The Agency has previously issued its Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 1995B (Taxable) (the "Series 1995B Bonds") under the Master Trust Agreement, as supplemented by the Second Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and the Prior Trustee.

H. The Agency has previously issued its Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable) (the "Series 1995C Bonds") under the Master Trust Agreement, as supplemented by the Third Supplemental Trust

Agreement, dated as of June 1, 1995 (the "Third Supplemental Trust Agreement"), by and between the Agency and the Prior Trustee.

I. The Agency has previously issued its Compton Redevelopment Project Subordinate Refunding Tax Allocation Bonds, Series 1995-1 (the "Series 1995-1 Bonds") under the Master Trust Agreement, as supplemented by the Fourth Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and the Prior Trustee.

J. The Agency has previously issued its Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A (the "Series 2006A Bonds") pursuant to the Master Trust Agreement, as supplemented and amended by the Fifth Supplemental Trust Agreement, dated as of July 1, 2006, by and between the Agency and the Trustee, as successor trustee under the Master Trust Agreement and the Third Supplemental Trust Agreement, and used the proceeds thereof, together with certain other funds available to the Agency, to refund all of its remaining outstanding Series 1995A Bonds, Series 1995B Bonds and Series 1995-1 Bonds.

K. Concurrently herewith, the Agency desires to issue an additional series of bonds designated as the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "Series 2010A Bonds") pursuant to the Master Trust Agreement, as supplemented and amended by the Sixth Supplemental Trust Agreement (the "Sixth Supplemental Trust Agreement"), dated as of April 1, 2010, by and between the Agency and the Trustee, for the purpose of financing low and moderate income housing projects of the Agency and payable on a subordinate basis to the Series 1995C Bonds and the Series 2006A Bonds, to the extent such bonds are outstanding and payable from Housing Tax Revenues (as defined in the Trust Agreement).

L. Concurrently herewith, the Agency desires to issue an additional series of bonds designated as the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010B (the "Series 2010B Bonds") pursuant to the Master Trust Agreement, as supplemented and amended by the Seventh Supplemental Trust Agreement (the "Seventh Supplemental Trust Agreement"), dated as of April 1, 2010, by and between the Agency and the Trustee, for the purpose of financing redevelopment activities of the Agency with respect to the Project Area and payable from Project Tax Revenues (as defined in the Trust Agreement) on a subordinate basis to the Series 1995C Bonds and the Series 2006A Bonds.

M. The Agency desires to issue an additional series of bonds designated as the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds (Taxable), Series 2010C (the "Series 2010C Bonds") pursuant to the Master Trust Agreement, as supplemented and amended by this Eighth Supplemental Trust Agreement, for the purpose of financing (i) the Agency's obligation to make statutory tax sharing payments with respect to tax increment received in Fiscal Year 2008-09 to non-local educational agencies, (ii) certain tax sharing amounts payable to the Compton Unified School District under an Agreement for Cooperation with the Compton Unified School District, and (iii) the Agency's obligation to deposit moneys in the Supplemental Educational Revenue Augmentation Fund in fiscal years 2009-10 and 2010-11, or alternatively, if subsequent to the sale of the 2010C Bonds (as defined herein), an order or judgment is issued by the Superior Court of the County of Sacramento in *California Redevelopment Association et al. v. Genest et al.*, Case No. 34-2009-80000359-CU-WM-GDS

(*CRA v. Genest*) that provides the Agency with a right to withhold such SERAF payments, in order to finance additional redevelopment activities of the Agency with respect to the Project Area (including non-housing activities but only to the extent that any proceeds of the Series 2010C Bonds expended on non-housing activities are replaced in full by any lawfully available monies of the Agency that are not Housing Tax Revenues).

N. The Series 2010C Bonds will be primarily payable from, and secured by a pledge of, certain tax increment revenues of the Agency and payable from Project Tax Revenues (as defined in the Trust Agreement) on a subordinate basis to the Series 1995C Bonds and the Series 2006A Bonds and on a parity with the Series 2010B Bonds, in the manner prescribed by the Master Trust Agreement, as heretofore amended and as supplemented by this Eighth Supplemental Trust Agreement.

O. The execution and delivery of this Eighth Supplemental Trust Agreement have been duly authorized and all things necessary to make the Series 2010C Bonds, when executed by the Agency and authenticated by the Trustee, valid and binding legal obligations of the Agency and to make this Eighth Supplemental Trust Agreement a valid and binding legal instrument for the security of the Series 2010C Bonds, have been done.

NOW THEREFORE, THIS EIGHTH SUPPLEMENTAL TRUST AGREEMENT WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all of the Series 2010C Bonds at any time issued and Outstanding under the Master Trust Agreement, as amended and supplemented by this Eighth Supplemental Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions set forth therein and herein, and to declare the terms and conditions upon and subject to which the Series 2010C Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Series 2010C Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Agency does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Series 2010C Bonds, as follows:

ARTICLE I
AUTHORITY AND DEFINITIONS

SECTION 1.01. Authority for Eighth Supplemental Trust Agreement. This Eighth Supplemental Trust Agreement is executed and delivered pursuant to the provisions of the Law and Section 53570 et seq. of the California Government Code.

SECTION 1.02. Definitions. Except as provided by this Eighth Supplemental Trust Agreement, all terms which are defined in Section 1.01 of the Master Trust Agreement shall have the same meanings, respectively, in this Eighth Supplemental Trust Agreement. The following terms shall, for all purposes of the Trust Agreement, have the following meanings.

"Closing Date" means, with respect to the Series 2010C Bonds, April __, 2010, which is the date of their initial issuance and delivery.

"Eighth Supplemental Trust Agreement" means this Eighth Supplemental Trust Agreement, as may be amended from time to time pursuant to the terms hereof and the Master Trust Agreement.

"Fifth Supplemental Trust Agreement" means the Fifth Supplemental Trust Agreement, dated as of July 1, 2006, by and between the Agency and the Trustee, as successor to the Prior Trustee, with respect to the Series 2006A Bonds, as heretofore amended and/or supplemented pursuant to the terms thereof and the Master Trust Agreement.

"Housing Parity Second Lien Bonds" shall mean any tax allocation bonds, loans, and any other indebtedness payable from the Housing Tax Revenues on a parity with the Series 2010A Bonds pursuant to the terms of Section 3.02 of the Sixth Supplemental Trust Agreement and Sections 2.09 and 2.11 of the Master Trust Agreement, as further amended by Article IV of Sixth Supplemental Trust Agreement (Section 2.11 having been previously amended by the Fifth Supplemental Trust Agreement).

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent's "Municipal and Government," 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bond Department; and Kenny S&P, 55 Water Street, 45 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 called bonds as the Agency may designate in writing to the Trustee.

"Interest Payment Date" means, with respect to the Series 2010C Bonds, February 1 and August 1 of each year, commencing August 1, 2010.

"Master Trust Agreement" means that Master Trust Agreement, dated as of June 1, 1995, by and between the Agency and Seattle-First National Bank, as succeeded by U.S. Bank National Association, as Trustee, as heretofore amended and/or supplemented pursuant to the terms thereof.

"Permitted Investments" means, with respect to the Project Second Lien Reserve Fund or any other fund or account relating to the Series 2010C Bonds established and maintained pursuant to the Trust Agreement, any of the obligations described in the definition of "Permitted Investments" set forth in the Fifth Supplemental Trust Agreement, if and to the extent that they are permissible investments of funds of the Agency held in the manner described therein.

"Pledged Tax Revenues" means, for each Bond Year, with respect to the Series 2010C Bonds, Project Tax Revenues excluding (i) an amount equal to the sum of all transfers of and payments from Project Tax Revenues required by any Senior Debt Instrument, (ii) an amount historically deducted by the County of Los Angeles from Tax Revenues prior to remittance of Tax Revenues to the Agency (or for the benefit of the Agency), which amount is approximately equivalent to the portion of Tax Revenues attributable to the inflation factor increase calculated in accordance with paragraph (a)(2) of Section 33676 of the Law prior to its amendment in 1984 by AB 203, Chapter 147, Statutes of 1984, (iii) amounts payable to a taxing entity pursuant to Section 33607.5 or 33607.7 of the California Health and Safety Code, (iv) amounts allocable to the various taxing entities under Tax Sharing Agreements, except to the extent that any portion of such amounts is subordinated pursuant to the Tax Sharing Agreements, (v) amounts required to be deposited by the Agency in the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.2 or 33334.6 of the Law, and (vi) state subventions, if any, received by the Agency pursuant to Section 16110 et seq. of the California Government Code.

Notwithstanding the foregoing, in any Bond Year, if the amount of Pledged Tax Revenues transferred to the Trustee is sufficient to (i) pay the principal and interest coming due in such Bond Year on the Series 2010B Bonds, the Series 2010C Bonds, and any other Project Parity Second Lien Bonds then Outstanding and (ii) if necessary, bring the balance in the reserve fund(s) for the Project Parity Second Lien Bonds to the applicable Reserve Fund Requirement, then Project Tax Revenues received by (or on behalf of) the Agency thereafter during such Bond Year shall no longer be "Pledged Tax Revenues" for the purposes of the Series 2010B Bonds or the Series 2010C Bonds.

"Project Parity Second Lien Bonds" shall mean any Bonds issued under a Supplemental Trust Agreement and secured by and payable from Project Tax Revenues after all transfers of and payments from Project Tax Revenues required by any Senior Debt Instrument.

"Project Second Lien Debt Service Fund" means the fund by that name created and established pursuant to Section 4.10 of the Master Trust Agreement and Section 3.03(a) of the Seventh Supplemental Trust Agreement.

"Project Second Lien Reserve Fund" means the fund by that name created and established pursuant to Section 4.10 of the Master Trust Agreement and Section 3.03(b) of the Seventh Supplemental Trust Agreement.

"Record Date" means, with respect to the Series 2010C Bonds, the 15th day of the month (regardless whether such day is a Business Day) immediately preceding an Interest Payment Date.

"Second Lien Bonds" shall mean (i) the Series 2010A Bonds, (ii) any Housing Parity Second Lien Bonds, (iii) the Series 2010B Bonds, (iv) the Series 2010C Bonds, and (v) any Project Parity Second Lien Bonds.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041, 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 writing to the Trustee.

"Second Lien Reserve Account" means an account relating to a Series of Second Lien Bonds either in the Housing Second Lien Reserve Fund or the Project Second Lien Reserve Fund established under the Trust Agreement.

"Senior Debt Instrument" means any resolution, loan agreement, indenture, trust agreement or other instrument authorizing any Senior Bonds, which pursuant to the covenant and limitation set forth in Section 4.01 hereof shall consist solely of the Series 1995C Bonds and the Series 2006A Bonds Outstanding at the time.

"Series 1995C Bonds" means the Agency's Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable), issued on July 27, 1995 in aggregate initial principal amount of $10,137,530.

"Series 2006A Bonds" means the Agency's Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A, issued on July 6, 2006 in aggregate initial principal amount of $51,215,000.

"Series 2010A Bonds" means the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A, issued pursuant to the Sixth Supplemental Trust Agreement in aggregate initial principal amount of $__________.

"Series 2010B Bonds" means the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010B, issued pursuant to the Seventh Supplemental Trust Agreement in aggregate initial principal amount of $__________.

"Series 2010C Bonds" means the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds (Taxable), Series 2010C, issued pursuant to this Eighth Supplemental Trust Agreement.

"Series 2010C Term Bonds" means the Series 2010C Bonds maturing on August 1, 20__ and August 1, 20__.

"Seventh Supplemental Trust Agreement" means the Seventh Supplemental Trust Agreement, dated as of April 1, 2010, by and between the Agency and the Trustee with respect to the Series 2010B Bonds, as heretofore amended and/or supplemented pursuant to the terms thereof and the Master Trust Agreement.

"Sixth Supplemental Trust Agreement" means the Sixth Supplemental Trust Agreement, dated as of April 1, 2010, by and between the Agency and the Trustee with respect to the Series 2010A Bonds, as heretofore amended and/or supplemented pursuant to the terms thereof and the Master Trust Agreement.

"Tax Sharing Agreements" means, collectively, each of the tax sharing agreements between the Agency and each of the County of Los Angeles, the Compton Unified School District, and the Compton Community College District.

"Third Supplemental Trust Agreement" means the Third Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and Seattle-First National Bank, as succeeded by U.S. Bank National Association, as Trustee, with respect to the Series 1995C Bonds, as heretofore amended and/or supplemented pursuant to the terms thereof and the Master Trust Agreement.

#4.

"Trust Agreement" means the Master Trust Agreement, as amended and supplemented by the Third Supplemental Trust Agreement, the Fifth Supplemental Trust Agreement, the Sixth Supplemental Trust Agreement, the Seventh Supplemental Trust Agreement, and this Eighth Supplemental Trust Agreement.

"Trust Office" means the corporate trust office of the Trustee at 1420 5th Avenue, 7th Floor, Seattle, Washington 98101 (facsimile: 206-344-4630); provided, however, for transfer, registration, exchange, payment and surrender of Bonds, "Trust Office" means the corporate trust office of U.S. Bank National Association in St Paul, Minnesota, or such other office designated by the Trustee from time to time.

ARTICLE II
GENERAL TERMS OF SERIES 2010C BONDS

SECTION 2.01. Authorization. The Series 2010C Bonds are hereby authorized to be issued for the purpose described in the Recitals hereof.

SECTION 2.02. Terms.

(a) The Series 2010C Bonds, authorized to be issued by the Agency under and subject to the terms of the Master Trust Agreement and this Eighth Supplemental Trust Agreement and the Law, shall be designated as the Agency's "Compton Redevelopment Project Second Lien Tax Allocation Bonds (Taxable), Series 2010C." The Series 2010C Bonds shall be issued in the aggregate principal amount of $_____________. The Series 2010C Bonds shall be dated as of the Closing Date for the Series 2010C Bonds, shall bear interest at such rates (payable on February 1 and August 1 in each year, commencing August 1, 2010), and shall mature and become payable as to principal on August 1 in each of the years in the amounts set forth below:

Maturity Date (August 1)	Principal Amount	Interest Rate
	$	%

(b) Interest on the Series 2010C Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2010C Bonds shall be issued as fully registered bonds in the denomination of $5,000, or any integral multiple of $5,000. The Series 2010C Bonds shall be numbered as determined by the Registrar. The Series 2010C Bonds shall bear interest from the

Interest Payment Date next preceding the date of authentication thereof, unless (i) such date of authentication is during the period from the 16th day of the month next preceding an Interest Payment Date to and including such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or (ii) such date of authentication is on or before the 15th day of the month next preceding the first Interest Payment Date (*i.e.*, the first Record Date), in which event they shall bear interest from their dated date. Notwithstanding the foregoing, if, at the time of authentication of any Series 2010C Bond, interest is then in default on the Outstanding Bonds of such Series, such Series 2010C Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2010C Bonds.

Payment of interest on the Series 2010C Bonds due on or before the maturity of such Series 2010C Bonds shall be made to the person whose name appears on the bond registration books of the Registrar as the registered owner thereof, as of the close of business on the related Record Date. Subject to Section 2.12 of the Master Trust Agreement, such interest to be paid by check or draft mailed on each Interest Payment Date by first-class mail to such registered owner at the address appearing on such books or, upon written request received by the Trustee prior to the related Record Date, of an Owner of at least $1,000,000 in aggregate principal amount of Series 2010C Bonds, by wire transfer in immediately available funds to an account within the United States designated by such Owner.

Principal of the Series 2010C Bonds shall be payable upon the surrender thereof at maturity thereof at the Trust Office. Principal of and interest on the Series 2010C Bonds shall be paid in lawful money of the United States of America. If the principal of a Series 2010C Bond becomes due and payable, but shall not have been paid or provisions made for its payment, then such Series 2010C Bond shall bear interest at the same rate after such default as on the day before the default occur.

SECTION 2.03. Book-Entry System. The Series 2010C Bonds shall be initially issued as Book-Entry Bonds, in accordance with Section 2.12 of the Master Trust Agreement.

SECTION 2.04. Forms of Series 2010C Bonds. The Series 2010C Bonds, the authentication and registration endorsement and the assignment to appear thereon shall be substantially in the form attached hereto as Appendix A, with necessary or appropriate variations, omissions and insertions as permitted or required by this Eighth Supplemental Trust Agreement.

SECTION 2.05. Redemption of Series 2010C Bonds.

(a) Optional Redemption of Series 2010C Bonds. The Series 2010C Bonds maturing on or before August 1, 20__ shall not be subject to optional redemption prior to their maturity. The Series 2010C Bonds maturing on or after August 1, 20__ shall be subject to redemption as a whole or in part from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their maturity at the option of the Agency on any date on or after August 1, 20__, from funds derived by the Agency from any source, at a redemption price equal to [100 percent of the principal amount of the Series 2010C Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.]

(b) Mandatory Sinking Fund Redemption of Series 2010C Bonds. The Series 2010C Bonds maturing on August 1, 20__ and August 1, 20__ (the "Series 2010C Term Bonds") are also subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments deposited in the Project Second Lien Principal Account of the Project Second Lien Debt Service Fund for that purpose on August 1 of each year commencing August 1, 20__ and August 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Series 2010C Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

Series 2010C Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

(c) Selection of Series 2010C Bonds for Redemption. Whenever less than all of the Outstanding Series 2010C Bonds of a maturity are called for redemption at any one time, the Trustee shall select the Series 2010C Bonds to be redeemed, from the Outstanding Series 2010C Bonds of such maturity not previously selected for redemption, by lot; provided, that if less than all of the Outstanding Series 2010C Term Bonds of any maturity of a Series are called for optional redemption, each future mandatory sinking account payment with respect to such Series 2010C Term Bonds will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, so that the total amount of mandatory sinking account payments (with respect to such Series 2010C Term Bonds) to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Series 2010C Term Bonds so redeemed, as shall be designated by the Agency to the Trustee in writing.

(d) Purchase in Lieu of Redemption. In lieu of redemption of any Series 2010C Term Bond, upon the written request of the Agency, the Series 2010C Term Bonds are subject to purchase in lieu of redemption from amounts on deposit in the Project Second Lien Principal Account of the Project Second Lien Debt Service Fund, in accordance with Section 3.05 of the Master Trust Agreement.

(e) Notice. Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its nominee, any Information Services or Securities Depository, by such transmission method as acceptable to such entity) by the Trustee, on behalf and at the expense of the Agency, not more than 60 days and not less than 30 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) one or more Information Services designated in writing to the Trustee by the Agency and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the Series designation of such Bonds, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date and upon the satisfaction of any condition to redemption stated in such notice in accordance with the Master Trust Agreement, interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. If, at the time that the notice redemption is mailed to the Owner, the Agency has not deposited with the Trustee sufficient funds to pay the redemption price and accrued interest, in full, with respect to the Bonds being called, the notice shall expressly state that the redemption is conditioned upon the deposit of funds by the Agency on or before the redemption date.

Failure by the Trustee to give notice pursuant to this Section to any one or more of the Information Services or Securities Depositories, or the insufficiency of (or the defect in) any such notice shall not affect the sufficiency of the proceedings for redemption. The failure of any Owner to receive any redemption notice mailed to such Owner and any defect in the notice so sent shall not affect the sufficiency of the proceedings for redemption.

(f) Right to Rescind. The Agency shall have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Neither such cancellation nor lack of available funds shall constitute an Event of Default under the Master Trust Agreement, as supplemented by this Eighth Supplemental Trust Agreement. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

(g) General Redemption Provisions. Except with respect to the foregoing, the provision set forth in Sections 3.01 through 3.05 of the Master Trust Agreement shall apply to the Series 2010C Bonds.

ARTICLE III
APPLICATION OF PROCEEDS; SERIES 2010C FUNDS AND ACCOUNTS

SECTION 3.01. Application of Proceeds of Series 2010C Bonds; Other Transfers of Funds on Closing Date. On the Closing Date, the Trustee shall receive proceeds from the sale of the Series 2010C Bonds in the amount of $__________ (representing the aggregate principal amount of the Series 2010C Bonds, [plus/less] an original issue [premium/discount] of $_______, and less an underwriter's discount of $________). Immediately upon receipt, the Trustee shall (i) deposit the amount of $_______ in the Series 2010C Account of the Project Second Lien Reserve Fund established under Section 3.03, (ii) deposit the amount of $_______ in the Series 2010C Costs of Issuance Account established under Section 3.05, and (iii) deposit the balance of $_______ in the Redevelopment Fund designated under Section 4.02 of the Master Trust Agreement.

SECTION 3.02. Sources of Payment of Series 2010C Bonds. The Series 2010B Bonds, the Series 2010C Bonds, and any Project Parity Second Lien Bonds issued in accordance with provisions of Section 2.11 of the Master Trust Agreement, as amended by Section 4.01 of the Sixth Supplemental Trust Agreement, shall be secured by and payable from the Pledged Tax Revenues as provided in the Master Trust Agreement, as supplemented by this Eighth Supplemental Trust Agreement, and as such, are hereby made expressly subordinate to the Senior Bonds so long as any Senior Bonds remain Outstanding; provided, in accordance with the covenant and limitation set forth in Section 4.01 hereof, "Senior Bonds" shall consist solely of the Outstanding Series 1995C Bonds and Series 2006A Bonds. The Agency may, but is not obligated to, provide for payment of principal and interest on the Series 2010C Bonds from any other source or from any other funds of the Agency.

SECTION 3.03. Project Second Lien Debt Service Fund; Project Second Lien Reserve Fund. The provisions relating to the establishment, maintenance, and operation of the Project Second Lien Debt Service Fund and the Project Second Lien Reserve Fund, set forth in Sections 3.03, 3.04, and 3.05 of the Seventh Supplemental Trust Agreement, are incorporated herein by this reference as if expressly set forth herein.

SECTION 3.04. Series 2010C Account of Project Second Lien Reserve Fund.

(a) There is hereby created within the Project Second Lien Reserve Fund established and administered pursuant to Sections 3.03 and 3.04 of the Seventh Supplemental Trust Agreement a separate account designated the "Series 2010C Account." Upon the issuance of the Series 2010C Bonds, a portion of the proceeds thereof shall be deposited in the Series 2010C Account of the Project Second Lien Reserve Fund in accordance with Section 3.01. The Series 2010C Account of the Project Second Lien Reserve Fund shall be established for the purposes of accounting for the amount of earnings upon the portion of the Project Second Lien Reserve Fund relating to the Series 2010C Bonds, but for all other purposes shall be held, invested and used as an integral part of the Project Second Lien Reserve Fund as provided in Sections 3.03 and 3.04 of the Seventh Supplemental Trust Agreement.

(b) Notwithstanding any provisions to the contrary in this Eighth Supplemental Trust Agreement, Sections 3.03 and 3.04 of the Seventh Supplemental Trust Agreement, or the Master Trust Agreement, on August 1, 20__ (i.e., the final maturity date of the Series 2010C Bonds), the Trustee shall transfer all of the money in the Series 2010C Account of the Project Second Lien Reserve Fund to the Project Second Lien Debt Service Fund and apply such money to the last payment of principal and interest on the Series 2010C Bonds.

SECTION 3.05. Series 2010C Costs of Issuance Fund. The Trustee shall establish a fund known as the "Series 2010C Costs of Issuance Fund." Pursuant to Section 3.01, the Trustee shall deposit a portion of the proceeds of the sale of the Series 2010C Bonds in to the Series 2010C Costs of Issuance Fund. The moneys in the Series 2010C Costs of Issuance Fund shall be used from time to time to pay Costs of Issuance with respect to the Series 2010C Bonds and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition which shall state, in respect of the payment to be made (a) the name and address (or such other proper account information) of the person, firm or corporation to whom payment is due, (b) the amount of such payment, and (c) the particular item of the cost to be paid and that such payment in the stated amount is a proper charge against the Series 2010C Costs of Issuance Fund and that no part of such payment shall be applied to any item which has previously been paid as a Costs of Issuance of the Series 2010C Bonds. On the date that is 90 days following the Closing Date of the Series 2010C Bonds, or upon the earlier receipt by the Trustee of a written request of the Agency to do so, the Trustee shall transfer all remaining amounts in the Series 2010C Costs of Issuance Fund to the Project Second Lien Interest Account of the Project Second Lien Debt Service Fund.

Moneys held in the Series 2010C Costs of Issuance Fund may, subject to the Series 2010C Tax Certificate, be invested and reinvested to the fullest extent practicable in any Permitted Investments as instructed by the Agency in writing, which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from the Series 2010C Costs of Issuance Fund; provided that, absent any such instruction from the Agency, moneys held in the Series 2010C Costs of Issuance Fund shall be invested in Permitted Investments described in clause (F) or (G) of the definition thereof. Any investment earnings on moneys on deposit in an account of the Series 2010C Costs of Issuance Fund shall be deposited in such account and be used in the same manner as other amounts on deposit therein.

ARTICLE IV
ADDITIONAL COVENANTS

In addition to the covenants set forth in the Master Trust Agreement, so long as any Series 2010C Bond is Outstanding, the Agency shall comply with the covenants set forth in this Article IV.

SECTION 4.01. No Additional Senior Bonds. The Agency shall not issue any Bonds secured by a first lien on Project Tax Revenues on a parity with the Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable), or the Compton

Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A, issued under the Third Supplemental Trust Agreement and the Fifth Supplemental Trust Agreement, respectively.

ARTICLE V
MISCELLANEOUS

SECTION 5.01. Notices. Notwithstanding Section 11.06 of the Master Trust Agreement, any notice, request, demand or other communication with respect to the Series 2010C Bonds under the Trust Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy or other form of telecommunication, with prompt telephone confirmation. Notice shall be effective either (a) upon transmission by telecopy or other form of telecommunication, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Agency or the Trustee may, by written notice to the other party, from time to time modify the address or number to which communications are to be given hereunder.

If to the Agency: Community Redevelopment Agency of the City of Compton
205 South Willowbrook Avenue
Compton, CA 90220
Attention: Executive Secretary
Fax: (310) 761-1429

If to the Trustee: U.S. Bank National Association
1420 5th Avenue, 7th Floor
Seattle, Washington 98101
Attention: Corporate Trust Department, Carolyn Whalen
Fax: (206) 344-4630 or -4632

Any party listed above may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to the Trust Agreement; provided, however, that: (i) subsequent to such facsimile transmission of written instructions, there shall be provided to the Trustee originally executed instructions and/or directions in a timely manner, (ii) such originally executed instructions and/or directions by the Agency shall be signed by an Authorized Agency Representative or a person designated and authorized by an Authorized Agency Representative to sign for the Agency, and, (iii) the Agency shall (A) provide to the Trustee an incumbency certificate listing such designated persons and (B) from time to time provide the Trustee updated incumbency certificates, as necessary or appropriate, reflecting persons who have been added or deleted from the listing.

SECTION 5.02. Waiver of Right to Receive Brokerage Confirmations. With respect to the funds and accounts relating to the Series 2010C Bonds maintained by the Trustee under the Trust Agreement, the Agency acknowledges that to the extent regulations of the Comptroller of the Currency or any other regulatory entity grant the Agency the right to receive brokerage confirmations of the security transactions as they occur, the Agency specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the periodic cash transaction statements to the Agency that include the detail for all investment transactions made by the Trustee with respect to such funds and accounts under the Trust Agreement.

SECTION 5.03. Executions in Counterparts. This Eighth Supplemental Trust Agreement may be executed in any number of counterparts, each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, as many of them as the Agency and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Agency has caused this Eighth Supplemental Trust Agreement to be signed in its name and on its behalf by one of its duly authorized officers and the Trustee to evidence its acceptance of the trusts hereby created, has caused this Eighth Supplemental Trust Agreement to be signed in its name and behalf by one of its duly authorized officers all as of the date first above written.

COMPTON URBAN COMMUNITY DEVELOPMENT COMMISSION, ACTING AS COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

By:____
Executive Secretary

Attest:

____
Clerk

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:____
Authorized Officer

APPENDIX A

[Form of Series 2010C Bond]

[Unless this certificate is presented by an authorized representative of the Depository Trust Company, a New York Corporation ("DTC"), to the Agency or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
COMPTON REDEVELOPMENT PROJECT
SECOND LIEN TAX ALLOCATION BOND (TAXABLE), SERIES 2010C

No. R-__ $_______

RATE OF INTEREST	MATURITY DATE	DATED DATE:	CUSIP:
%	August 1, 20__	April __, 2010	204712 ___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ________________________________ DOLLARS

The Community Redevelopment Agency of the City of Compton, a public body, corporate and politic, duly organized and existing under and pursuant to the laws of the State of California (the "Agency"), for value received hereby promises to pay (but solely from the funds hereinafter mentioned) to the registered owner specified above, or registered assigns, on the Maturity Date specified above the Principal Amount specified above, together with interest thereon from the interest payment date next preceding the date of authentication of this Series 2010C Bond (unless (i) this Series 2010C Bond is authenticated during the period from the 16th day of the month next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or (ii) this Series 2010C Bond is authenticated on or before the 15th day of the month next preceding the first interest payment date, in which event it shall bear interest from the dated date shown above) until the principal hereof shall have been paid, at the Rate of Interest specified above, payable on August 1, 2010, and semiannually thereafter on February 1 and August 1 in each year. Both the interest hereon and principal hereof are payable in lawful money of the United States of

#4.

America. The principal hereof is payable upon surrender hereof at maturity at the corporate trust office of U.S. Bank National Association (the "Trustee") in St. Paul, Minnesota, or at such other office as the Trustee may designate (the "Trust Office"). Interest hereon is payable by check mailed on each interest payment date by first class mail to the person in whose name this Series 2010C Bond is registered at the close of business on the 15th day of the month next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee, or upon written request received by the Trustee prior to the 15th day of the month preceding an interest payment date of a registered owner (an "Owner") of at least $1,000,000 in aggregate principal amount of outstanding Series 2010C Bonds, by transfer in immediately available funds to an account within the continental United States designated by such Owner.

This Series 2010C Bond is not a debt of the City of Compton, the State of California or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable hereon, nor in any event shall this Series 2010C Bond or any interest hereon be payable out of any funds or properties other than those of the Agency. The Series 2010C Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and neither the members of the Agency nor any persons executing the Series 2010C Bonds shall be personally liable on the Series 2010C Bonds by reason of their issuance.

This Series 2010C Bond is one of a duly authorized issue of bonds designated the Community Redevelopment Agency of the City of Compton, Compton Redevelopment Project, Second Lien Tax Allocation Bonds (Taxable), Series 2010C (the "Series 2010C Bonds"), limited in aggregate principal amount to $________, issued under the provisions of the Community Redevelopment Law of the State of California, as supplemented and amended (the "Law"), and pursuant to the provisions of a Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), as heretofore supplemented and as further supplemented and amended by a Eighth Supplemental Trust Agreement, dated as of April 1, 2010 (the "Eighth Supplemental Trust Agreement"), by and between the Agency and the Trustee. The Master Trust Agreement, as so amended and supplemented, and as the same may be further amended and supplemented from time to time in accordance with the terms thereof, is referred to herein as the "Trust Agreement."

All Series 2010C Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement. Reference is hereby made to the Trust Agreement and to the Law for (i) a description of the terms on which the Series 2010C Bonds are issued, (ii) the provisions with regard to the nature and extent of the security provided for the Series 2010C Bonds and of the nature, extent and manner of enforcement of such security, and (iii) a statement of the rights of the registered owners of the Series 2010C Bonds. All the terms of the Trust Agreement and the Law are hereby incorporated herein and constitute a contract between the Agency and the Owner from time to time of this Series 2010C Bond. By acceptance hereof, the Owner of this Series 2010C Bond consents and agrees to all the provisions of the Trust Agreement and the Law. Each Owner hereof shall have recourse to all the provisions of the Law and the Trust Agreement and shall be bound by all the terms and conditions thereof.

The Series 2010C Bonds are issued to provide funds to **[**finance the Agency's obligation to deposit moneys in the Supplemental Educational Revenue Augmentation Fund

("SERAF") in fiscal year 2009-10 and 2010-11**] [or pending the outcome of CRA v. Genest . . .** to finance redevelopment activities of the Agency with respect to the Compton Redevelopment Project, a duly adopted redevelopment project in the City of Compton, California**]**. The Series 2010C Bonds are special obligations of the Agency and are payable, as to interest thereon, and principal thereof, exclusively from the Pledged Tax Revenues (as that term is defined in the Eighth Supplemental Trust Agreement) and certain other funds, and the Agency is not obligated to pay them except from the Pledged Tax Revenues and such other funds. Additional tax allocation bonds payable from the Pledged Tax Revenues may be issued which will rank equally as to security with the Series 2010C Bonds, subject to the terms and conditions set forth in the Trust Agreement.

The Series 2010C Bonds maturing on or before August 1, 20__ shall not be subject to optional redemption prior to their maturity. The Series 2010C Bonds maturing on or after August 1, 20__ shall be subject to redemption as a whole or in part from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their maturity at the option of the Agency on any date on or after August 1, 20__, from funds derived by the Agency from any source, at a redemption price equal to **[**100 percent of the principal amount of the Series 2010C Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.**]**

The Series 2010C Bonds maturing on August 1, 20__ and August 1, 20__ (the "Series 2010C Term Bonds") are also subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments deposited in Project Second Lien Principal Account of the Project Second Lien Debt Service Fund for that purpose on August 1 of each year commencing August 1, 20__ and August 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Series 2010C Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

#4.

Series 2010C Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

Notice of redemption with respect to the Series 2010C Bonds to be redeemed shall be mailed to the Owners thereof not less than thirty (30) nor more than sixty (60) days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Owner hereof to receive such notice nor any defect therein will affect the sufficiency or validity of the proceedings for redemption. All Series 2010C Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the Owners of such Series 2010C Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Series 2010C Bonds.

The Owner of any Series 2010C Bond or Series 2010C Bonds may surrender the same at the Trust Office in exchange for an equal aggregate principal amount of fully registered Series 2010C Bonds of any other authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Trust Agreement.

This Series 2010C Bond is transferable, as provided in the Trust Agreement, only upon a register to be kept by the Registrar for that purpose by the Owner hereof, upon surrender of this Series 2010C Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Owner or such Owner's duly authorized attorney, and thereupon a new fully registered Series 2010C Bond or Series 2010C Bonds, in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Trust Agreement, and upon payment of the charges therein prescribed. The Agency, the Trustee, the Registrar and the Paying Agency may deem and treat the person in whose name this Series 2010C Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and for all other purposes.

The rights and obligations of the Agency and of the registered owners of the Bonds may be amended at from time to time in the manner provided in, and subject to the terms of, the Trust Agreement.

This Series 2010C Bond shall not be entitled to any benefits under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been manually signed by the Trustee.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Series 2010C Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Series 2010C Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Series 2010C Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Community Redevelopment Agency of the City of Compton has caused this Series 2010C Bond to be executed in its name and on its behalf by its Chairman and attested by its Secretary, all as of the Dated Date first written above.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

By ______________________________________
Chairman

Attest:

____
Clerk

==

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Series 2010C Bonds described in the within-mentioned Trust Agreement and registered on the registration books relating to the Series 2010C Bonds.

Date: _____________, 20__

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By _________________________________
Authorized Signatory

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#4.

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[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto ____, whose tax identification number is ______________, the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) ____________________________________ ____ attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated:

Signature guaranteed:

____

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

____

NOTICE: Signature must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or other similar program.

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#4.

COMPTON URBAN COMMUNITY DEVELOPMENT COMMISSION,
ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON, CALIFORNIA

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

SIXTH SUPPLEMENTAL TRUST AGREEMENT

Dated as of April 1, 2010

Relating to

$___________
Compton Redevelopment Project
Second Lien Tax Allocation Bonds (Housing),
Series 2010A

#4.

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Sixth Supplemental Trust Agreement

This Sixth Supplemental Trust Agreement, dated as of April 1, 2010 (this "Sixth Supplemental Trust Agreement"), is entered into by and between the Compton Urban Community Development Commission, acting as the Community Redevelopment Agency of the City of Compton, a public body, corporate and politic organized and existing under the laws of the State of California (the "Agency"), and U.S. Bank National Association, a national banking association duly organized and existing under laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as trustee (the "Trustee").

Recitals

A. The Agency is a redevelopment agency, a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers, all under and pursuant to Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code (the "Law"), and the powers of the Agency include the power to issue bonds for any of its corporate purposes.

B. A redevelopment plan (the "Plan") for a redevelopment project area known and designated as the "Compton Redevelopment Project Area" (the "Project Area") has been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with.

C. The Plan contemplates that the Agency would issue bonds from time to time to finance a portion of the costs of redevelopment of the Project Area.

D. The Agency is authorized under the Law to issue bonds or notes for any of its corporate purposes.

E. To further provide for the issuance of bonds from time to time and set forth certain terms pertaining thereto, the Agency has entered into the Master Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), by and between the Agency and Seattle-First National Bank, the prior trustee (the "Prior Trustee").

F. The Agency has previously issued its Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 1995A (the "Series 1995A Bonds") under the Master Trust Agreement, as supplemented by the First Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and the Prior Trustee.

G. The Agency has previously issued its Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 1995B (Taxable) (the "Series 1995B Bonds") under the Master Trust Agreement, as supplemented by the Second Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and the Prior Trustee.

H. The Agency has previously issued its Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable) (the "Series 1995C Bonds") under the Master Trust Agreement, as supplemented by the Third Supplemental Trust

Agreement, dated as of June 1, 1995 (the "Third Supplemental Trust Agreement"), by and between the Agency and the Prior Trustee.

I. The Agency has previously issued its Compton Redevelopment Project Subordinate Refunding Tax Allocation Bonds, Series 1995-1 (the "Series 1995-1 Bonds") under the Master Trust Agreement, as supplemented by the Fourth Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and the Prior Trustee.

J. The Agency has previously issued its Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A (the "Series 2006A Bonds") pursuant to the Master Trust Agreement, as supplemented and amended by the Fifth Supplemental Trust Agreement, dated as of July 1, 2006, by and between the Agency and the Trustee, as successor trustee under the Master Trust Agreement and the Third Supplemental Trust Agreement, and used the proceeds thereof, together with certain other funds available to the Agency, to refund all of its remaining outstanding Series 1995A Bonds, Series 1995B Bonds and Series 1995-1 Bonds.

K. The Agency desires to issue an additional series of bonds designated as the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "Series 2010A Bonds") pursuant to the Master Trust Agreement, as supplemented and amended by this Sixth Supplemental Trust Agreement, for the purpose of financing low and moderate income housing projects of the Agency.

L. The Series 2010A Bonds will be primarily payable from, and secured by a pledge of, certain tax increment revenues of the Agency and on a subordinate basis to the Series 1995C Bonds and the Series 2006A Bonds, to the extent such bonds are outstanding and payable from Housing Tax Revenues (as defined in the Trust Agreement), in the manner prescribed by the Master Trust Agreement, as heretofore amended and as supplemented by this Sixth Supplemental Trust Agreement.

M. The execution and delivery of this Sixth Supplemental Trust Agreement have been duly authorized and all things necessary to make the Series 2010A Bonds, when executed by the Agency and authenticated by the Trustee, valid and binding legal obligations of the Agency and to make this Sixth Supplemental Trust Agreement a valid and binding legal instrument for the security of the Series 2010A Bonds, have been done.

NOW THEREFORE, THIS SIXTH SUPPLEMENTAL TRUST AGREEMENT WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all of the Series 2010A Bonds at any time issued and Outstanding under the Master Trust Agreement, as amended and supplemented by this Sixth Supplemental Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions set forth therein and herein, and to declare the terms and conditions upon and subject to which the Series 2010A Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Series 2010A Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Agency does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Series 2010A Bonds, as follows:

ARTICLE I
AUTHORITY AND DEFINITIONS

SECTION 1.01. Authority for Sixth Supplemental Trust Agreement. This Sixth Supplemental Trust Agreement is executed and delivered pursuant to the provisions of the Law and Section 53570 et seq. of the California Government Code.

SECTION 1.02. Definitions. Except as provided by this Sixth Supplemental Trust Agreement, all terms which are defined in Section 1.01 of the Master Trust Agreement shall have the same meanings, respectively, in this Sixth Supplemental Trust Agreement. The following terms shall, for all purposes of the Trust Agreement, have the following meanings.

"Closing Date" means, with respect to the Series 2010A Bonds, April __, 2010, which is the date of their initial issuance and delivery.

"Fifth Supplemental Trust Agreement" means the Fifth Supplemental Trust Agreement, dated as of July 1, 2006, by and between the Agency and the Trustee, as successor to the Prior Trustee, with respect to the Series 2006A Bonds, as heretofore amended and/or supplemented pursuant to the terms thereof and the Master Trust Agreement.

"Housing Fund" means the low and moderate income housing fund with respect to the Project Area established pursuant to Section 33334.3 of the Law and held by the Agency.

"Housing Parity Second Lien Bonds" shall mean any tax allocation bonds, loans, and any other indebtedness payable from the Housing Tax Revenues on a parity with the Series 2010A Bonds pursuant to the terms of Section 3.02 of this Sixth Supplemental Trust Agreement and Sections 2.09 and 2.11 of the Master Trust Agreement, as further amended by Article IV of this Sixth Supplemental Trust Agreement (Section 2.11 having been previously amended by the Fifth Supplemental Trust Agreement).

"Housing Second Lien Debt Service Fund" means the fund by that name created and established pursuant to Section 4.10 of the Master Trust Agreement and Section 3.03(a) hereof.

"Housing Second Lien Reserve Fund" means the fund by that name created and established pursuant to Section 4.10 of the Master Trust Agreement and Section 3.03(b) hereof.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent's "Municipal and Government," 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bond Department; and Kenny S&P, 55 Water Street, 45 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 called bonds as the Agency may designate in writing to the Trustee.

"Interest Payment Date" means, with respect to the Series 2010A Bonds, February 1 and August 1 of each year, commencing August 1, 2010.

"Master Trust Agreement" means that Master Trust Agreement, dated as of June 1, 1995, by and between the Agency and Seattle-First National Bank, as succeeded by U.S. Bank National Association, as Trustee, as heretofore amended and/or supplemented pursuant to the terms thereof.

"Permitted Investments" means, with respect to the Housing Second Lien Reserve Fund or any other fund or account relating to the Series 2010A Bonds established and maintained pursuant to the Trust Agreement, any of the obligations described in the definition of "Permitted Investments" set forth in the Fifth Supplemental Trust Agreement, if and to the extent that they are permissible investments of funds of the Agency held in the manner described therein.

"Pledged Tax Revenues" means, for each Bond Year, with respect to the Series 2010A Bonds, all Housing Tax Revenues received by the Agency for such Bond Year, excluding an amount equal to the sum of all transfers of and payments from Housing Tax Revenues required by any Senior Debt Instrument.

Notwithstanding the foregoing, in any Bond Year, if the amount of Pledged Tax Revenues transferred to the Trustee is sufficient to (i) pay the principal and interest coming due in such Bond Year on the Series 2010A Bonds and any other Housing Parity Second Lien Bonds then Outstanding and (ii) if necessary, bring the balance in the reserve fund(s) for the Housing Parity Second Lien Bonds to the applicable Reserve Fund Requirement, then Housing Tax Revenues received by (or on behalf of) the Agency thereafter during such Bond Year shall no longer be "Pledged Tax Revenues" for the purposes of the Series 2010A Bonds.

"Project Parity Second Lien Bonds" shall mean any Bonds issued under a Supplemental Trust Agreement and secured by and payable from Project Tax Revenues after all transfers of and payments from Project Tax Revenues required by any Senior Debt Instrument.

"Record Date" means, with respect to the Series 2010A Bonds, the 15th day of the month (regardless whether such day is a Business Day) immediately preceding an Interest Payment Date.

"Remittance Advice Summary" shall mean a remittance advice summary provided by the County Auditor-Controller to the Agency with respect to each payment of Tax Revenues made by the County to, or for the benefit of, the Agency. Currently, the County makes payments of Tax Revenues with respect to the Redevelopment Project Area, and provides to the Agency a Remittance Advice Summary as to each such payment, approximately 10 times a year.

"Second Lien Bonds" shall mean (i) the Series 2010A Bonds, (ii) any Housing Parity Second Lien Bonds, and (iii) any Project Parity Second Lien Bonds.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041, 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 writing to the Trustee.

"Second Lien Reserve Account" means an account relating to a Series of Second Lien Bonds either in the Housing Second Lien Reserve Fund or the Project Second Lien Reserve Fund established under the Trust Agreement.

"Senior Debt Instrument" means any resolution, loan agreement, indenture, trust agreement or other instrument authorizing the Senior Bonds, which pursuant to the covenant and limitation set forth in Section 5.01 hereof shall consist solely of the Series 1995C Bonds and the Series 2006A Bonds Outstanding at the time.

"Series 1995C Bonds" means the Agency's Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable), issued on July 27, 1995 in aggregate initial principal amount of $10,137,530.

"Series 2006A Bonds" means the Agency's Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A, issued on July 6, 2006 in aggregate initial principal amount of $51,215,000.

"Series 2010A Bonds" means the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A, issued pursuant to this Sixth Supplemental Trust Agreement.

"Series 2010A Tax Certificate" means the Certificate Regarding Compliance with Certain Tax Matters (or similar document) pertaining to the use and investment of proceeds of the Series 2010A Bonds, executed and delivered by a duly authorized officer of the Agency and of the City on the related Closing Date, including any and all exhibits and attachments thereto.

"Series 2010A Term Bonds" means the Series 2010A Bonds maturing on August 1, 20__ and August 1, 20__.

"Sixth Supplemental Trust Agreement" means this Sixth Supplemental Trust Agreement, as may be amended from time to time pursuant to the terms hereof and the Master Trust Agreement.

"Tax-exempt" means, with respect to interest on any obligations of a state or local government, including the interest on the Bonds, that such interest is excluded from gross income for federal income tax purposes whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax, under the Code.

"Third Supplemental Trust Agreement" means the Third Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and Seattle-First National Bank, as succeeded by U.S. Bank National Association, as Trustee, with respect to the Series 1995C Bonds, as heretofore amended and/or supplemented pursuant to the terms thereof and the Master Trust Agreement.

"Trust Agreement" means the Master Trust Agreement, as amended and supplemented by the Third Supplemental Trust Agreement, the Fifth Supplemental Trust Agreement, and this Sixth Supplemental Trust Agreement.

"Trust Office" means the corporate trust office of the Trustee at 1420 5th Avenue, 7th Floor, Seattle, Washington 98101 (facsimile: 206-344-4630); provided, however, for transfer, registration, exchange, payment and surrender of Bonds, "Trust Office" means the corporate trust office of U.S. Bank National Association in St Paul, Minnesota, or such other office designated by the Trustee from time to time.

ARTICLE II
GENERAL TERMS OF SERIES 2010A BONDS

SECTION 2.01. Authorization. The Series 2010A Bonds are hereby authorized to be issued for the purpose described in the Recitals hereof.

SECTION 2.02. Terms.

(a) The Series 2010A Bonds, authorized to be issued by the Agency under and subject to the terms of the Master Trust Agreement and this Sixth Supplemental Trust Agreement and the Law, shall be designated as the Agency's "Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A." The Series 2010A Bonds shall be issued in the aggregate principal amount of $_____________. The Series 2010A Bonds shall be dated as of the Closing Date for the Series 2010A Bonds, shall bear interest at such rates (payable on February 1 and August 1 in each year, commencing August 1, 2010), and shall mature and become payable as to principal on August 1 in each of the years in the amounts set forth below:

Maturity Date (August 1)	Principal Amount	Interest Rate
	$	%

(b) Interest on the Series 2010A Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2010A Bonds shall be issued as fully registered bonds in the denomination of $5,000, or any integral multiple of $5,000. The Series 2010A Bonds shall be numbered as determined by the Registrar. The Series 2010A Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) such date of authentication is during the period from the 16th day of the month next preceding an Interest Payment Date to and including such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or (ii) such date of authentication is on or before the 15th day of the month next preceding the first Interest Payment Date (*i.e.*, the first Record Date), in which event they shall bear interest from their dated date. Notwithstanding the foregoing, if, at the time of authentication of any Series 2010A Bond, interest is then in default on the Outstanding Bonds of such Series, such Series 2010A Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2010A Bonds.

Payment of interest on the Series 2010A Bonds due on or before the maturity of such Series 2010A Bonds shall be made to the person whose name appears on the bond registration books of the Registrar as the registered owner thereof, as of the close of business on the related Record Date. Subject to Section 2.12 of the Master Trust Agreement, such interest to be paid by check or draft mailed on each Interest Payment Date by first-class mail to such registered owner at the address appearing on such books or, upon written request received by the Trustee prior to the related Record Date, of an Owner of at least $1,000,000 in aggregate principal amount of Series 2010A Bonds, by wire transfer in immediately available funds to an account within the United States designated by such Owner.

Principal of the Series 2010A Bonds shall be payable upon the surrender thereof at maturity thereof at the Trust Office. Principal of and interest on the Series 2010A Bonds shall be paid in lawful money of the United States of America. If the principal of a Series 2010A Bond becomes due and payable, but shall not have been paid or provisions made for its payment, then such Series 2010A Bond shall bear interest at the same rate after such default as on the day before the default occur.

SECTION 2.03. Book-Entry System. The Series 2010A Bonds shall be initially issued as Book-Entry Bonds, in accordance with Section 2.12 of the Master Trust Agreement.

SECTION 2.04. Forms of Series 2010A Bonds. The Series 2010A Bonds, the authentication and registration endorsement and the assignment to appear thereon shall be substantially in the form attached hereto as Appendix A, with necessary or appropriate variations, omissions and insertions as permitted or required by this Sixth Supplemental Trust Agreement.

SECTION 2.05. Redemption of Series 2010A Bonds.

(a) Optional Redemption of Series 2010A Bonds. The Series 2010A Bonds maturing on or before August 1, 20__ shall not be subject to optional redemption prior to their maturity. The Series 2010A Bonds maturing on or after August 1, 20__ shall be subject to redemption as a whole or in part from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their maturity at the option of the Agency on any date on or after August 1, 20__, from funds derived by the Agency from any source, at a redemption price equal

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to [100 percent of the principal amount of the Series 2010A Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.]

(b) Mandatory Sinking Fund Redemption of Series 2010A Bonds. The Series 2010A Bonds maturing on August 1, 20__ and August 1, 20__ (the "Series 2010A Term Bonds") are also subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments deposited in the Housing Second Lien Principal Account of the Housing Second Lien Debt Service Fund for that purpose on August 1 of each year commencing August 1, 20__ and August 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Series 2010A Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

Series 2010A Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

(c) Selection of Series 2010A Bonds for Redemption. Whenever less than all of the Outstanding Series 2010A Bonds of a maturity are called for redemption at any one time, the Trustee shall select the Series 2010A Bonds to be redeemed, from the Outstanding Series 2010A Bonds of such maturity not previously selected for redemption, by lot; provided, that if less than all of the Outstanding Series 2010A Term Bonds of any maturity of a Series are called for optional redemption, each future mandatory sinking account payment with respect to such Series 2010A Term Bonds will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, so that the total amount of mandatory sinking account payments (with respect to such Series 2010A Term Bonds) to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Series 2010A Term Bonds so redeemed, as shall be designated by the Agency to the Trustee in writing.

(d) Purchase in Lieu of Redemption. In lieu of redemption of any Series 2010A Term Bond, upon the written request of the Agency, the Series 2010A Term Bonds are subject to purchase in lieu of redemption from amounts on deposit in the Housing Second Lien Principal Account of the Housing Second Lien Debt Service Fund, in accordance with Section 3.05 of the Master Trust Agreement.

(e) Notice. Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its nominee, any Information Services or Securities Depository, by such transmission method as acceptable to such entity) by the Trustee, on behalf and at the expense of the Agency, not more than 60 days and not less than 30 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) one or more Information Services designated in writing to the Trustee by the Agency and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the Series designation of such Bonds, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date and upon the satisfaction of any condition to redemption stated in such notice in accordance with the Master Trust Agreement, interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. If, at the time that the notice redemption is mailed to the Owner, the Agency has not deposited with the Trustee sufficient funds to pay the redemption price and accrued interest, in full, with respect to the Bonds being called, the notice shall expressly state that the redemption is conditioned upon the deposit of funds by the Agency on or before the redemption date.

Failure by the Trustee to give notice pursuant to this Section to any one or more of the Information Services or Securities Depositories, or the insufficiency of (or the defect in) any such notice shall not affect the sufficiency of the proceedings for redemption. The failure of any Owner to receive any redemption notice mailed to such Owner and any defect in the notice so sent shall not affect the sufficiency of the proceedings for redemption.

(f) Right to Rescind. The Agency shall have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Neither such cancellation nor lack of available funds shall constitute an Event of Default under the Master Trust Agreement, as supplemented by this Sixth Supplemental Trust Agreement. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

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(g) General Redemption Provisions. Except with respect to the foregoing, the provision set forth in Sections 3.01 through 3.05 of the Master Trust Agreement shall apply to the Series 2010A Bonds.

ARTICLE III
APPLICATION OF PROCEEDS; SERIES 2010A FUNDS AND ACCOUNTS

SECTION 3.01. Application of Proceeds of Series 2010A Bonds; Other Transfers of Funds on Closing Date. On the Closing Date, the Trustee shall receive proceeds from the sale of the Series 2010A Bonds in the amount of $__________ (representing the aggregate principal amount of the Series 2010A Bonds, [plus/less] an original issue [premium/discount] of $_______, and less an underwriter's discount of $________). Immediately upon receipt, the Trustee shall (i) deposit the amount of $_______ in the Series 2010A Account of the Housing Second Lien Reserve Fund established under Section 3.03, (ii) deposit the amount of $_______ in the Series 2010A Costs of Issuance Account established under Section 3.06, and (iii) deposit the balance of $_______ in the Housing Trust Fund designated under Section 4.02 of the Master Trust Agreement.

SECTION 3.02. Sources of Payment of Series 2010A Bonds. The Series 2010A Bonds, and any Housing Parity Second Lien Bonds issued in accordance with provisions of Section 2.11 of the Master Trust Agreement, as amended by Section 4.01 of this Sixth Supplemental Trust Agreement, shall be secured by and payable from the Pledged Tax Revenues as provided in the Master Trust Agreement, as supplemented by this Sixth Supplemental Trust Agreement, and as such, are hereby made expressly subordinate to the Senior Bonds so long as any Senior Bonds remain Outstanding; provided, in accordance with the covenant and limitation set forth in Section 5.01 hereof, "Senior Bonds" shall consist solely of the Outstanding Series 1995C Bonds and Series 2006A Bonds. The Agency may, but is not obligated to, provide for payment of principal and interest on the Series 2010A Bonds from any other source or from any other funds of the Agency.

SECTION 3.03. Creation of Housing Second Lien Debt Service Fund and Housing Second Lien Reserve Fund.

(a) A special fund is hereby created and designated "Compton Redevelopment Project, Housing Second Lien Tax Allocation Bonds Debt Service Fund" (the "Housing Second Lien Debt Service Fund") to be held by the Trustee, and there are hereby created in the Housing Second Lien Debt Service Fund two separate accounts designated "Housing Second Lien Interest Account" and "Housing Second Lien Principal Account."

(b) A separate special fund is hereby created and designated "Compton Redevelopment Project Tax Allocation Bonds Housing Second Lien Reserve Fund" (the "Housing Second Lien Reserve Fund") to be held by the Trustee. There is hereby created within the Housing Second Lien Reserve Fund a separate account designated the "Series 2010A Account." Upon the issuance of the Series 2010A Bonds, a portion of the proceeds thereof shall be deposited in the Series 2010A Account of the Housing Second Lien Reserve Fund in accordance with Section 3.01. The Series 2010A Account of the Housing Second Lien Reserve

Fund shall be established for the purposes of accounting for the amount of earnings upon the portion of the Housing Second Lien Reserve Fund relating to the Series 2010A Bonds, but for all other purposes shall be held, invested and used as an integral part of the Housing Second Lien Reserve Fund as provided herein.

(c) The Trustee shall deposit into these funds and accounts such amounts as provided in Sections 2.09 and 4.05 of the Trust Agreement and Section 3.01 hereof and shall also deposit into such funds and accounts such amounts as are received with instructions from the Agency to the Trustee to deposit such amounts into a specific fund, account, or subaccount.

(d) The Trustee is hereby authorized to create such subaccounts in said funds and accounts as may be convenient to the Trustee or as may be required under a subsequent Supplemental Trust Agreement.

SECTION 3.04. Withdrawals From Housing Second Lien Debt Service Fund and Housing Second Lien Reserve Fund; Valuation of the Housing Second Lien Reserve Fund.

(a) In addition to the amounts deposited into the Housing Second Lien Interest Account and the Housing Second Lien Principal Account under Sections 4.05(a)(iv) and (v) of the Master Trust Agreement, the Trustee may accept and deposit into the Housing Second Lien Debt Service Fund other amounts from the Agency or from other sources to be used for regularly scheduled principal, Final Compounded Amount (if any), and interest payments or for the redemption of Series 2010A Bonds and any Housing Parity Second Lien Bonds. There shall be withdrawn from the Housing Second Lien Interest Account and the Housing Second Lien Principal Account from time to time and set aside or deposited with the respective Paying Agents sufficient money for paying the interest on the Series 2010A Bonds and any Housing Parity Second Lien Bonds and the principal and Accreted Value (if any) of and premium on the Series 2010A Bonds and any Housing Parity Second Lien Bonds as the same shall fall due, or if such interest, principal, Accreted Value (if any), or premium is paid by or through a form of credit support provided for the Series 2010A Bonds or any Housing Parity Second Lien Bonds, amounts in the Housing Second Lien Interest Account and Housing Second Lien Principal Account may be used to reimburse such payments to the party providing such credit support. Moneys in any subaccounts created within the Housing Second Lien Interest Account and the Housing Second Lien Principal Account shall when withdrawn as provided above be used to pay interest, principal, Accreted Value (if any), or premium, as the case may be, on the Series 2010A Bonds and any Housing Parity Second Lien Bonds for which the subaccount was created.

(b) Moneys held in the Housing Second Lien Reserve Fund shall be used for the purpose of paying principal, Accreted Value (if any), and interest on the Series 2010A Bonds and any Housing Parity Second Lien Bonds if the amounts in the accounts mentioned in clauses (iv) and (v) of Section 4.05(a) of the Master Trust Agreement shall on any date be insufficient to pay in full the interest and/or principal due on the Series 2010A Bonds and any Outstanding Housing Parity Second Lien Bonds on such date. The Trustee shall use all available cash in the Housing Second Lien Reserve Fund prior to drawing upon any Reserve Fund Insurance Policy deposited therein. At least annually, prior to August 1, the Trustee shall determine the market value of the Housing Second Lien Reserve Fund. A Reserve Fund Insurance Policy deposited with the Trustee shall be valued as equal to the face amount of stated amount of such policy. If,

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on any evaluation of the Housing Second Lien Reserve Fund, the value of the Housing Second Lien Reserve Fund shall exceed the Reserve Fund Requirement for the Series 2010A Bonds and any Housing Parity Second Lien Bonds, such excess shall be withdrawn and transferred to the Agency to be used for any lawful purpose. In addition, at such time as the Series 2010A Bonds or any Series of Housing Parity Second Lien Bonds is paid in full, or deemed to have been paid in full, the Trustee shall value the Housing Second Lien Reserve Fund, and if the amount on deposit in the Housing Second Lien Reserve Fund after such Series 2010A Bonds or any Series of Housing Parity Second Lien Bonds is paid in full, or deemed to have been paid in full, exceeds the Reserve Fund Requirement for the then Outstanding Series 2010A Bonds or Housing Parity Second Lien Bonds, such excess shall be withdrawn and transferred to the Agency to be used for any lawful purpose. If on valuation of the Housing Second Lien Reserve Fund, the value is less than the applicable Reserve Fund Requirement, deposits shall be made into the Housing Second Lien Reserve Fund from and to the extent of Housing Tax Revenues as provided in Section 4.05(vi) of the Master Trust Agreement until the Reserve Fund Requirement for the Housing Second Lien Reserve Fund is restored.

Notwithstanding any provisions to the contrary in this Sixth Supplemental Trust Agreement or the Master Trust Agreement, on August 1, 20__ (i.e., the final maturity date of the Series 2010A Bonds), the Trustee shall transfer all of the money in the Series 2010A Account of the Housing Second Lien Reserve Fund to the Housing Second Lien Debt Service Fund and apply such money to the last payment of principal and interest on the Series 2010A Bonds.

SECTION 3.05. Moneys Held by Paying Agents in Trust; Unclaimed Moneys. All moneys which shall have been withdrawn from the Housing Second Lien Debt Service Fund and set aside or deposited with a Paying Agent for the purpose of paying any of the Series 2010A Bonds or Housing Parity Second Lien Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective Holders of such Series 2010A Bonds or Housing Parity Second Lien Bonds, and such funds shall be held uninvested. Any moneys which have been so set aside or deposited and which shall remain unclaimed by the Holders of such Series 2010A Bonds or Housing Parity Second Lien Bonds for a period of one (1) year after the date on which such Bonds shall have become due and payable (or such longer period as may be requested by the Agency) shall be paid to the Agency, and thereafter the Holders of such Series 2010A Bonds or Housing Parity Second Lien Bonds shall look only to the Agency for payment and the Agency shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and the Paying Agent shall have no responsibility with respect to any of such moneys.

SECTION 3.06. Series 2010A Costs of Issuance Fund. The Trustee shall establish a fund known as the "Series 2010A Costs of Issuance Fund." Pursuant to Section 3.01, the Trustee shall deposit a portion of the proceeds of the sale of the Series 2010A Bonds into the Series 2010A Costs of Issuance Fund. The moneys in the Series 2010A Costs of Issuance Fund shall be used from time to time to pay Costs of Issuance with respect to the Series 2010A Bonds and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition which shall state, in respect of the payment to be made (a) the name and address (or such other proper account information) of the person, firm or corporation to whom payment is due, (b) the amount of such payment, and (c) the particular item of the cost to be paid and that such payment in the stated amount is a proper charge against the Series 2010A Costs of Issuance Fund and that no part of such payment shall be applied to any item which has previously been paid as a Cost of Issuance of the Series 2010A Bonds. On the date that is 90 days following the Closing Date of the Series 2010A Bonds, or upon the earlier receipt by the Trustee of a written request of the Agency to do so, the Trustee shall transfer all remaining amounts in the Series 2010A Costs of Issuance Fund to the Housing Second Lien Interest Account of the Housing Second Lien Debt Service Fund.

Moneys held in the Series 2010A Costs of Issuance Fund may, subject to the Series 2010A Tax Certificate, be invested and reinvested to the fullest extent practicable in any Permitted Investments as instructed by the Agency in writing, which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from the Series 2010A Costs of Issuance Fund; provided that, absent any such instruction from the Agency, moneys held in the Series 2010A Costs of Issuance Fund shall be invested in Permitted Investments described in clause (F) or (G) of the definition thereof. Any investment earnings on moneys on deposit in an account of the Series 2010A Costs of Issuance Fund shall be deposited in such account and be used in the same manner as other amounts on deposit therein.

ARTICLE IV
AMENDMENTS TO MASTER TRUST AGREEMENT

SECTION 4.01. Amendments to Section 2.11 of Master Trust Agreement.

(a) The paragraph (ii) of Section 2.11 of the Master Trust Agreement, as previously amended by the Fifth Supplemental Trust Agreement, is hereby further amended pursuant to clauses (a), (c), and (h) of Section 10.02 of the Master Trust Agreement to add new subparagraphs (ii)(c) and (ii)(d), which shall be as follows:

> "(c) with respect to any Project Parity Second Lien Bonds, that the Project Tax Revenues to be collected in the then current Bond Year (including unitary tax revenues, using the then most recently established assessed value for the Redevelopment Project Area, an assumed basic tax rate of one percent plus any applicable tax overrides that the Agency reasonably expects to continue to receive for the years that such Project Parity Second Lien Bonds are scheduled to remain Outstanding, and assuming assessment appeals then currently on file are settled at the average rate for which such appeals were settled in the then most recently concluded two Fiscal Years, and further assuming tax delinquencies at a rate equal to the average tax delinquencies of the most recently concluded two Fiscal Years but excluding any subvention payments made by the State) will be at least equal to 150 percent of Maximum Annual Debt Service for all Project Parity Bonds and Project Parity Second Lien Bonds which will be Outstanding immediately after the issuance of the proposed Project Parity Second Lien Bonds, and
>
> (d) with respect to any Housing Parity Second Lien Bonds, that the Housing Tax Revenues to be collected in the then current Bond Year (including unitary tax revenues, using the then most recently established assessed value for

the Redevelopment Project Area, an assumed basic tax rate of one percent plus any applicable tax overrides that the Agency reasonably expects to continue to receive for the years that such Housing Parity Second Lien Bonds are scheduled to remain Outstanding, and assuming assessment appeals then currently on file are settled at the average rate for which such appeals were settled in the then most recently concluded two Fiscal Years, and further assuming tax delinquencies at a rate equal to the average tax delinquencies of the most recently concluded two Fiscal Years but excluding any subvention payments made by the State) will be at least equal to 150 percent of Maximum Annual Debt Service for all Housing Parity Bonds and Housing Parity Second Lien Bonds which will be Outstanding immediately after the issuance of the proposed Housing Parity Second Lien Bonds."

(b) The last paragraph of Section 2.11 of the Master Trust Agreement, as previously amended by the Fifth Supplemental Trust Agreement, is hereby further amended pursuant to clauses (a), (c), and (h) of Section 10.02 of the Master Trust Agreement and restated in its entirety to read as follows:

"Notwithstanding any of the foregoing, the Agency may from time to time issue Subordinate Bonds or other debt secured by a pledge and lien of any portion of the Tax Revenues on a subordinate basis to Parity Bonds and Second Lien Bonds (the "Subordinate Debt"), so long as (i) the indenture, loan agreement or similar instrument pursuant to which such Subordinate Debt is issued shall expressly state that the pledge and lien of Tax Revenues with respect to such Subordinate Debt are subordinate to the pledge and lien of Tax Revenues with respect to the Parity Bonds (if any are then Outstanding) and Second Lien Bonds, and (ii) prior to the issuance of such Subordinate Debt, the Agency shall have delivered to the Trustee and the Insurer(s) a report from an Independent Redevelopment Consultant showing that, for each Fiscal Year so long as the Parity Bonds or Second Lien Bonds shall remain Outstanding, the amount of the portion of Tax Revenues pledged to pay debt service on the Outstanding Parity Bonds, Second Lien Bonds, and Subordinate Debt shall be sufficient to pay 100 percent of the combined Maximum Annual Debt Service on the outstanding Parity Bonds, Second Lien Bonds, and the Subordinate Debt."

SECTION 4.02. Amendments to Section 4.03 of Master Trust Agreement.

(a) Paragraph (a) of Section 4.03 of the Master Trust Agreement, as previously amended by the Fifth Supplemental Trust Agreement, is hereby further amended pursuant to clauses (b), (c), and (h) of Section 10.02 of the Master Trust Agreement to add the following language to the end of the last sentence of paragraph (a):

"provided, to the extent any portion of Housing Tax Revenues received by the Trustee do not constitute Pledged Tax Revenues at the time of receipt thereof by the Trustee, the Trustee promptly shall transfer such portion of Housing Tax Revenues not constituting Pledged Tax Revenues to the Housing Trust Fund (after payment of any outstanding fees and expenses due to the Trustee for the Trustee's services hereunder) for use by the Agency for any lawful purpose."

(b) Paragraph (b) of Section 4.03 of the Master Trust Agreement, as previously amended by the Fifth Supplemental Trust Agreement, is hereby further amended pursuant to clauses (b), (c), and (h) of Section 10.02 of the Master Trust Agreement to add the following language to the end of the last sentence of paragraph (b):

"provided, to the extent any portion of Project Tax Revenues received by the Trustee do not constitute Pledged Tax Revenues at the time of receipt thereof by the Trustee, the Trustee promptly shall transfer such portion of Project Tax Revenues not constituting Pledged Tax Revenues to the Agency (after payment of any outstanding fees and expenses due to the Trustee for the Trustee's services hereunder) for use by the Agency for any lawful purpose."

(c) Section 4.03 of the Master Trust Agreement, as previously amended by the Fifth Supplemental Trust Agreement, is hereby further amended pursuant to clauses (b), (d), and (h) of Section 10.02 of the Master Trust Agreement to add the following new paragraph (d):

"(d) The Agency and the Trustee acknowledge and agree that the Tax Revenues, when paid by the County to the Trustee, and the related Remittance Advice Summaries, typically do not include a statement as to the allocation of the portion of Tax Revenues comprised of Housing Tax Revenues, on one hand, and the portion of Tax Revenues comprised of Project Tax Revenues, on the other.

The Agency and the Trustee further acknowledge and agree that as to any tax sharing amounts withheld by the County for the benefit of County taxing entities, the Remittance Advice Summaries identify such amounts net of the County's contribution to the Housing Fund and that the gross payment amounts to the Agency as shown on the Remittance Advice Summaries include the portion of Housing Tax Revenues attributable to the County's share of Tax Revenues and the respective County contribution to the Housing Fund.

Accordingly, in the absence of specific identification by the County of the exact amounts constituting Housing Tax Revenues and Project Tax Revenues, the Agency and Trustee agree upon the following method of allocation of Tax Revenues received by the Trustee, as to each payment of Tax Revenues received by the Trustee from the County:

(i) an amount equal to the sum of (x) an amount equal to twenty percent (20%) of the gross Tax Revenues amount for each constituent project area of the Redevelopment Project Area, as shown on the detail sheet in the applicable Remittance Advice Summary, less (y) an amount equal to twenty percent (20%) of the aggregate administrative costs identified by the County in the applicable Remittance Advice Summary shall be deemed Housing Tax Revenues and shall be deposited by the Trustee in the Housing Revenue Fund in accordance with Section 4.03(a); and

(ii) an amount equal to the Tax Revenues remaining as to such payment after making the deposits required by clauses (i) and (ii) above shall be deemed Project Tax Revenues and shall be deposited by the Trustee in the Project Revenue Fund in accordance with Section 4.03(b).

As to each such allocation, the Trustee shall request from the Agency, and the Agency promptly shall provide to the Trustee, a Certificate of the Agency, signed by an Authorized Agency Representative, certifying (A) the respective amounts to be deposited in the Housing Revenue Fund and the Project Revenue Fund, and (B) that such amounts have been calculated in accordance with Section 4.03(d) of the Trust Agreement."

ARTICLE V
ADDITIONAL COVENANTS

In addition to the covenants set forth in the Master Trust Agreement, so long as any Series 2010A Bond is Outstanding, the Agency shall comply with the covenants set forth in this Article V.

SECTION 5.01. No Additional Senior Bonds. The Agency shall not issue any Bonds secured by a first lien on Housing Tax Revenues on a parity with the Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable), or the Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A, issued under the Third Supplemental Trust Agreement and the Fifth Supplemental Trust Agreement, respectively.

SECTION 5.02. Housing Tax Revenues; Housing Fund. The Agency covenants and agrees to take no action pursuant to 33334.2 of the Law which would reduce the amount of Housing Tax Revenues. The Agency further covenants and agrees to use the moneys in the Housing Fund in accordance with Sections 33334.2, 33334.3, and 33334.6 of the Law, and further covenants and agrees to disburse, expend or encumber any "excess surplus" (as defined in Section 33334.12 of the Law) in the Housing Fund at such times and in such manner that the Agency shall not be subject to sanctions pursuant to subdivision (e) of said Section 33334.12.

SECTION 5.03. Maintenance of Tax Exemption.

(a) The Agency shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the Tax-exempt status of interest on the Series 2010A Bonds under Section 103(a) of the Code or cause interest on the Series 2010A Bonds to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under Section 55 of the Code.

(b) In furtherance of the foregoing tax covenant, the Agency shall comply with the provisions of the Series 2010A Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Series 2010A Bonds.

ARTICLE VI
MISCELLANEOUS

SECTION 6.01. Notices. Notwithstanding Section 11.06 of the Master Trust Agreement, any notice, request, demand or other communication with respect to the Series 2010A Bonds under the Trust Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy or other form of telecommunication, with prompt telephone confirmation. Notice shall be effective either (a) upon transmission by telecopy or other form of telecommunication, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Agency or the Trustee may, by written notice to the other party, from time to time modify the address or number to which communications are to be given hereunder.

If to the Agency: Community Redevelopment Agency of the City of Compton
205 South Willowbrook Avenue
Compton, CA 90220
Attention: Executive Secretary
Fax: (310) 761-1429

If to the Trustee: U.S. Bank National Association
1420 5th Avenue, 7th Floor
Seattle, Washington 98101
Attention: Corporate Trust Department, Carolyn Whalen
Fax: (206) 344-4630 or -4632

Any party listed above may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to the Trust Agreement; provided, however, that: (i) subsequent to such facsimile transmission of written instructions, there shall be provided to the Trustee originally executed instructions and/or directions in a timely manner, (ii) such originally executed instructions and/or directions by the Agency shall be signed by an Authorized Agency Representative or a person designated and authorized by an Authorized Agency Representative to sign for the Agency, and, (iii) the Agency shall (A) provide to the Trustee an incumbency certificate listing such designated persons and (B) from time to time provide the Trustee updated incumbency certificates, as necessary or appropriate, reflecting persons who have been added or deleted from the listing.

SECTION 6.02. Waiver of Right to Receive Brokerage Confirmations. With respect to the funds and accounts relating to the Series 2010A Bonds maintained by the Trustee under the Trust Agreement, the Agency acknowledges that to the extent regulations of the Comptroller of the Currency or any other regulatory entity grant the Agency the right to receive brokerage confirmations of the security transactions as they occur, the Agency specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the periodic cash transaction statements to the Agency that include the detail for all investment transactions made by the Trustee with respect to such funds and accounts under the Trust Agreement.

SECTION 6.03. Executions in Counterparts. This Sixth Supplemental Trust Agreement may be executed in any number of counterparts, each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, as many of them as the Agency and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Agency has caused this Sixth Supplemental Trust Agreement to be signed in its name and on its behalf by one of its duly authorized officers and the Trustee to evidence its acceptance of the trusts hereby created, has caused this Sixth Supplemental Trust Agreement to be signed in its name and behalf by one of its duly authorized officers all as of the date first above written.

COMPTON URBAN COMMUNITY DEVELOPMENT COMMISSION, ACTING AS COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

By:____
Executive Secretary

Attest:

____
Clerk

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:____
Authorized Officer

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APPENDIX A

[Form of Series 2010A Bond]

[Unless this certificate is presented by an authorized representative of the Depository Trust Company, a New York Corporation ("DTC"), to the Agency or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
COMPTON REDEVELOPMENT PROJECT
SECOND LIEN TAX ALLOCATION BOND (HOUSING), SERIES 2010A

No. R-__ $_______

RATE OF INTEREST	MATURITY DATE	DATED DATE:	CUSIP:
%	August 1, 20__	April __, 2010	204712 ___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ________________________________ DOLLARS

The Community Redevelopment Agency of the City of Compton, a public body, corporate and politic, duly organized and existing under and pursuant to the laws of the State of California (the "Agency"), for value received hereby promises to pay (but solely from the funds hereinafter mentioned) to the registered owner specified above, or registered assigns, on the Maturity Date specified above the Principal Amount specified above, together with interest thereon from the interest payment date next preceding the date of authentication of this Series 2010A Bond (unless (i) this Series 2010A Bond is authenticated during the period from the 16th day of the month next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or (ii) this Series 2010A Bond is authenticated on or before the 15th day of the month next preceding the first interest payment date, in which event it shall bear interest from the dated date shown above) until the principal hereof shall have been paid, at the Rate of Interest specified above, payable on August 1, 2010, and semiannually thereafter on February 1 and August 1 in each year. Both the interest hereon and principal hereof are payable in lawful money of the United States of

America. The principal hereof is payable upon surrender hereof at maturity at the corporate trust office of U.S. Bank National Association (the "Trustee") in St. Paul, Minnesota, or at such other office as the Trustee may designate (the "Trust Office"). Interest hereon is payable by check mailed on each interest payment date by first class mail to the person in whose name this Series 2010A Bond is registered at the close of business on the 15th day of the month next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee, or upon written request received by the Trustee prior to the 15th day of the month preceding an interest payment date of a registered owner (an "Owner") of at least $1,000,000 in aggregate principal amount of outstanding Series 2010A Bonds, by transfer in immediately available funds to an account within the continental United States designated by such Owner.

This Series 2010A Bond is not a debt of the City of Compton, the State of California or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable hereon, nor in any event shall this Series 2010A Bond or any interest hereon be payable out of any funds or properties other than those of the Agency. The Series 2010A Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and neither the members of the Agency nor any persons executing the Series 2010A Bonds shall be personally liable on the Series 2010A Bonds by reason of their issuance.

This Series 2010A Bond is one of a duly authorized issue of bonds designated the Community Redevelopment Agency of the City of Compton, Compton Redevelopment Project, Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "Series 2010A Bonds"), limited in aggregate principal amount to $________, issued under the provisions of the Community Redevelopment Law of the State of California, as supplemented and amended (the "Law"), and pursuant to the provisions of a Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), as heretofore supplemented and as further supplemented and amended by a Sixth Supplemental Trust Agreement, dated as of April 1, 2010 (the "Sixth Supplemental Trust Agreement"), by and between the Agency and the Trustee. The Master Trust Agreement, as so amended and supplemented, and as the same may be further amended and supplemented from time to time in accordance with the terms thereof, is referred to herein as the "Trust Agreement."

All Series 2010A Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement. Reference is hereby made to the Trust Agreement and to the Law for (i) a description of the terms on which the Series 2010A Bonds are issued, (ii) the provisions with regard to the nature and extent of the security provided for the Series 2010A Bonds and of the nature, extent and manner of enforcement of such security, and (iii) a statement of the rights of the registered owners of the Series 2010A Bonds. All the terms of the Trust Agreement and the Law are hereby incorporated herein and constitute a contract between the Agency and the Owner from time to time of this Series 2010A Bond. By acceptance hereof, the Owner of this Series 2010A Bond consents and agrees to all the provisions of the Trust Agreement and the Law. Each Owner hereof shall have recourse to all the provisions of the Law and the Trust Agreement and shall be bound by all the terms and conditions thereof.

#4.

The Series 2010A Bonds are issued to finance low and moderate income housing projects of the Agency. The Series 2010A Bonds are special obligations of the Agency and are payable, as to interest thereon, and principal thereof, exclusively from the Pledged Tax Revenues (as that term is defined in the Sixth Supplemental Trust Agreement) and certain other funds, and the Agency is not obligated to pay them except from the Pledged Tax Revenues and such other funds. Additional tax allocation bonds payable from the Pledged Tax Revenues may be issued which will rank equally as to security with the Series 2010A Bonds, subject to the terms and conditions set forth in the Trust Agreement.

The Series 2010A Bonds maturing on or before August 1, 20__ shall not be subject to optional redemption prior to their maturity. The Series 2010A Bonds maturing on or after August 1, 20__ shall be subject to redemption as a whole or in part from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their maturity at the option of the Agency on any date on or after August 1, 20__, from funds derived by the Agency from any source, at a redemption price equal to **[**100 percent of the principal amount of the Series 2010A Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.**]**

The Series 2010A Bonds maturing on August 1, 20__ and August 1, 20__ (the "Series 2010A Term Bonds") are also subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments deposited in the Housing Second Lien Principal Account of the Housing Second Lien Debt Service Fund for that purpose on August 1 of each year commencing August 1, 20__ and August 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Series 2010A Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

Series 2010A Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

Notice of redemption with respect to the Series 2010A Bonds to be redeemed shall be mailed to the Owners thereof not less than thirty (30) nor more than sixty (60) days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Owner hereof to receive such notice nor any defect therein will affect the sufficiency or validity of the proceedings for redemption. All Series 2010A Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the Owners of such Series 2010A Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Series 2010A Bonds.

The Owner of any Series 2010A Bond or Series 2010A Bonds may surrender the same at the Trust Office in exchange for an equal aggregate principal amount of fully registered Series 2010A Bonds of any other authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Trust Agreement.

This Series 2010A Bond is transferable, as provided in the Trust Agreement, only upon a register to be kept by the Registrar for that purpose by the Owner hereof, upon surrender of this Series 2010A Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Owner or such Owner's duly authorized attorney, and thereupon a new fully registered Series 2010A Bond or Series 2010A Bonds, in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Trust Agreement, and upon payment of the charges therein prescribed. The Agency, the Trustee, the Registrar and the Paying Agency may deem and treat the person in whose name this Series 2010A Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and for all other purposes.

The rights and obligations of the Agency and of the registered owners of the Bonds may be amended at from time to time in the manner provided in, and subject to the terms of, the Trust Agreement.

This Series 2010A Bond shall not be entitled to any benefits under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been manually signed by the Trustee.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Series 2010A Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Series 2010A Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Series 2010A Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Community Redevelopment Agency of the City of Compton has caused this Series 2010A Bond to be executed in its name and on its behalf by its Chairman and attested by its Secretary, all as of the Dated Date first written above.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

By ______________________________________
Chairman

Attest:

____
Clerk

==

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Series 2010A Bonds described in the within-mentioned Trust Agreement and registered on the registration books relating to the Series 2010A Bonds.

Date: _____________, 20__

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By _________________________________
Authorized Signatory

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[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto ____, whose tax identification number is _____________, the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) ___________________________________ ____ attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated:

Signature guaranteed:

____
NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

____
NOTICE: Signature must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or other similar program.

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#4.

COMPTON URBAN COMMUNITY DEVELOPMENT COMMISSION,
ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON, CALIFORNIA

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

SEVENTH SUPPLEMENTAL TRUST AGREEMENT

Dated as of April 1, 2010

Relating to

$___________
Compton Redevelopment Project
Second Lien Tax Allocation Bonds,
Series 2010B

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#4.

<u>Seventh Supplemental Trust Agreement</u>

This Seventh Supplemental Trust Agreement, dated as of April 1, 2010 (this "Seventh Supplemental Trust Agreement"), is entered into by and between the Compton Urban Community Development Commission, acting as the Community Redevelopment Agency of the City of Compton, a public body, corporate and politic organized and existing under the laws of the State of California (the "Agency"), and U.S. Bank National Association, a national banking association duly organized and existing under laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as trustee (the "Trustee").

<u>Recitals</u>

A. The Agency is a redevelopment agency, a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers, all under and pursuant to Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code (the "Law"), and the powers of the Agency include the power to issue bonds for any of its corporate purposes.

B. A redevelopment plan (the "Plan") for a redevelopment project area known and designated as the "Compton Redevelopment Project Area" (the "Project Area") has been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with.

C. The Plan contemplates that the Agency would issue bonds from time to time to finance a portion of the costs of redevelopment of the Project Area.

D. The Agency is authorized under the Law to issue bonds or notes for any of its corporate purposes.

E. To further provide for the issuance of bonds from time to time and set forth certain terms pertaining thereto, the Agency has entered into the Master Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), by and between the Agency and Seattle-First National Bank, the prior trustee (the "Prior Trustee").

F. The Agency has previously issued its Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 1995A (the "Series 1995A Bonds") under the Master Trust Agreement, as supplemented by the First Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and the Prior Trustee.

G. The Agency has previously issued its Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 1995B (Taxable) (the "Series 1995B Bonds") under the Master Trust Agreement, as supplemented by the Second Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and the Prior Trustee.

H. The Agency has previously issued its Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable) (the "Series 1995C Bonds") under the Master Trust Agreement, as supplemented by the Third Supplemental Trust

Agreement, dated as of June 1, 1995 (the "Third Supplemental Trust Agreement"), by and between the Agency and the Prior Trustee.

I. The Agency has previously issued its Compton Redevelopment Project Subordinate Refunding Tax Allocation Bonds, Series 1995-1 (the "Series 1995-1 Bonds") under the Master Trust Agreement, as supplemented by the Fourth Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and the Prior Trustee.

J. The Agency has previously issued its Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A (the "Series 2006A Bonds") pursuant to the Master Trust Agreement, as supplemented and amended by the Fifth Supplemental Trust Agreement, dated as of July 1, 2006, by and between the Agency and the Trustee, as successor trustee under the Master Trust Agreement and the Third Supplemental Trust Agreement, and used the proceeds thereof, together with certain other funds available to the Agency, to refund all of its remaining outstanding Series 1995A Bonds, Series 1995B Bonds and Series 1995-1 Bonds.

K. Concurrently herewith, the Agency desires to issue an additional series of bonds designated as the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "Series 2010A Bonds") pursuant to the Master Trust Agreement, as supplemented and amended by the Sixth Supplemental Trust Agreement (the "Sixth Supplemental Trust Agreement"), dated as of April 1, 2010, by and between the Agency and the Trustee, for the purpose of financing low and moderate income housing projects of the Agency and payable on a subordinate basis to the Series 1995C Bonds and the Series 2006A Bonds, to the extent such bonds are outstanding and payable from Housing Tax Revenues (as defined in the Trust Agreement).

L. The Agency desires to issue an additional series of bonds designated as the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010B (the "Series 2010B Bonds") pursuant to the Master Trust Agreement, as supplemented and amended by this Seventh Supplemental Trust Agreement, for the purpose of financing redevelopment activities of the Agency with respect to the Project Area.

M. The Series 2010B Bonds will be primarily payable from, and secured by a pledge of, certain tax increment revenues of the Agency and on a subordinate basis to the Series 1995C Bonds and the Series 2006A Bonds, to the extent such bonds are outstanding and in the manner prescribed by the Master Trust Agreement, as heretofore amended and as supplemented by this Seventh Supplemental Trust Agreement.

N. The execution and delivery of this Seventh Supplemental Trust Agreement have been duly authorized and all things necessary to make the Series 2010B Bonds, when executed by the Agency and authenticated by the Trustee, valid and binding legal obligations of the Agency and to make this Seventh Supplemental Trust Agreement a valid and binding legal instrument for the security of the Series 2010B Bonds, have been done.

NOW THEREFORE, THIS SEVENTH SUPPLEMENTAL TRUST AGREEMENT WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all of the Series 2010B Bonds at any time issued and

Outstanding under the Master Trust Agreement, as amended and supplemented by this Seventh Supplemental Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions set forth therein and herein, and to declare the terms and conditions upon and subject to which the Series 2010B Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Series 2010B Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Agency does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Series 2010B Bonds, as follows:

ARTICLE I
AUTHORITY AND DEFINITIONS

SECTION 1.01. Authority for Seventh Supplemental Trust Agreement. This Seventh Supplemental Trust Agreement is executed and delivered pursuant to the provisions of the Law and Section 53570 et seq. of the California Government Code.

SECTION 1.02. Definitions. Except as provided by this Seventh Supplemental Trust Agreement, all terms which are defined in Section 1.01 of the Master Trust Agreement shall have the same meanings, respectively, in this Seventh Supplemental Trust Agreement. The following terms shall, for all purposes of the Trust Agreement, have the following meanings.

"Closing Date" means, with respect to the Series 2010B Bonds, April __, 2010, which is the date of their initial issuance and delivery.

"Fifth Supplemental Trust Agreement" means the Fifth Supplemental Trust Agreement, dated as of July 1, 2006, by and between the Agency and the Trustee, as successor to the Prior Trustee, with respect to the Series 2006A Bonds, as heretofore amended and/or supplemented pursuant to the terms thereof and the Master Trust Agreement.

"Housing Parity Second Lien Bonds" shall mean any tax allocation bonds, loans, and any other indebtedness payable from the Housing Tax Revenues on a parity with the Series 2010A Bonds pursuant to the terms of Section 3.02 of the Sixth Supplemental Trust Agreement and Sections 2.09 and 2.11 of the Master Trust Agreement, as further amended by Article IV of the Sixth Supplemental Trust Agreement (Section 2.11 having been previously amended by the Fifth Supplemental Trust Agreement).

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent's "Municipal and Government," 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bond Department; and Kenny S&P, 55 Water Street, 45 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 called bonds as the Agency may designate in writing to the Trustee.

"Interest Payment Date" means, with respect to the Series 2010B Bonds, February 1 and August 1 of each year, commencing August 1, 2010.

"Master Trust Agreement" means that Master Trust Agreement, dated as of June 1, 1995, by and between the Agency and Seattle-First National Bank, as succeeded by U.S. Bank National Association, as Trustee, as heretofore amended and/or supplemented pursuant to the terms thereof.

"Permitted Investments" means, with respect to the Project Second Lien Reserve Fund or any other fund or account relating to the Series 2010B Bonds established and maintained pursuant to the Trust Agreement, any of the obligations described in the definition of "Permitted Investments" set forth in the Fifth Supplemental Trust Agreement, if and to the extent that they are permissible investments of funds of the Agency held in the manner described therein.

"Pledged Tax Revenues" means, for each Bond Year, with respect to the Series 2010B Bonds, Project Tax Revenues excluding (i) an amount equal to the sum of all transfers of and payments from Project Tax Revenues required by any Senior Debt Instrument, (ii) an amount historically deducted by the County of Los Angeles from Tax Revenues prior to remittance of Tax Revenues to the Agency (or for the benefit of the Agency), which amount is approximately equivalent to the portion of Tax Revenues attributable to the inflation factor increase calculated in accordance with paragraph (a)(2) of Section 33676 of the Law prior to its amendment in 1984 by AB 203, Chapter 147, Statutes of 1984, (iii) amounts payable to a taxing entity pursuant to Section 33607.5 or 33607.7 of the California Health and Safety Code, (iv) amounts allocable to the various taxing entities under Tax Sharing Agreements, except to the extent that any portion of such amounts is subordinated pursuant to the Tax Sharing Agreements, (v) amounts required to be deposited by the Agency in the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.2 or 33334.6 of the Law, and (vi) state subventions, if any, received by the Agency pursuant to Section 16110 et seq. of the California Government Code.

Notwithstanding the foregoing, in any Bond Year, if the amount of Pledged Tax Revenues transferred to the Trustee is sufficient to (i) pay the principal and interest coming due in such Bond Year on the Series 2010B Bonds and any other Project Parity Second Lien Bonds then Outstanding and (ii) if necessary, bring the balance in the reserve fund(s) for the Project Parity Second Lien Bonds to the applicable Reserve Fund Requirement, then Project Tax Revenues received by (or on behalf of) the Agency thereafter during such Bond Year shall no longer be "Pledged Tax Revenues" for the purposes of the Series 2010B Bonds.

"Project Parity Second Lien Bonds" shall mean any Bonds issued under a Supplemental Trust Agreement and secured by and payable from Project Tax Revenues after all transfers of and payments from Project Tax Revenues required by any Senior Debt Instrument.

"Project Second Lien Debt Service Fund" means the fund by that name created and established pursuant to Section 4.10 of the Master Trust Agreement and Section 3.03(a) hereof.

#4.

"Project Second Lien Reserve Fund" means the fund by that name created and established pursuant to Section 4.10 of the Master Trust Agreement and Section 3.03(b) hereof.

"Record Date" means, with respect to the Series 2010B Bonds, the 15th day of the month (regardless whether such day is a Business Day) immediately preceding an Interest Payment Date.

"Second Lien Bonds" shall mean (i) the Series 2010A Bonds, (ii) any Housing Parity Second Lien Bonds, (iii) the Series 2010B Bonds, and (iv) any Project Parity Second Lien Bonds.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041, 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 writing to the Trustee.

"Second Lien Reserve Account" means an account relating to a Series of Second Lien Bonds either in the Housing Second Lien Reserve Fund or the Project Second Lien Reserve Fund established under the Trust Agreement.

"Senior Debt Instrument" means any resolution, loan agreement, indenture, trust agreement or other instrument authorizing any Senior Bonds, which pursuant to the covenant and limitation set forth in Section 4.01 hereof shall consist solely of the Series 1995C Bonds and the Series 2006A Bonds Outstanding at the time.

"Series 1995C Bonds" means the Agency's Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable), issued on July 27, 1995 in aggregate initial principal amount of $10,137,530.

"Series 2006A Bonds" means the Agency's Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A, issued on July 6, 2006 in aggregate initial principal amount of $51,215,000.

"Series 2010A Bonds" means the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A, issued pursuant to the Sixth Supplemental Trust Agreement in aggregate initial principal amount of $__________.

"Series 2010B Bonds" means the Agency's Compton Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010B, issued pursuant to this Seventh Supplemental Trust Agreement.

"Series 2010B Tax Certificate" means the Certificate Regarding Compliance with Certain Tax Matters (or similar document) pertaining to the use and investment of proceeds of the Series 2010B Bonds, executed and delivered by a duly authorized officer of the Agency and of the City on the related Closing Date, including any and all exhibits and attachments thereto.

"Series 2010B Term Bonds" means the Series 2010B Bonds maturing on August 1, 20__ and August 1, 20__.

"Seventh Supplemental Trust Agreement" means this Seventh Supplemental Trust Agreement, as may be amended from time to time pursuant to the terms hereof and the Master Trust Agreement.

"Sixth Supplemental Trust Agreement" means the Sixth Supplemental Trust Agreement, dated as of April 1, 2010, by and between the Agency and the Trustee with respect to the Series 2010A Bonds, as heretofore amended and/or supplemented pursuant to the terms thereof and the Master Trust Agreement.

"Tax-exempt" means, with respect to interest on any obligations of a state or local government, including the interest on the Bonds, that such interest is excluded from gross income for federal income tax purposes whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax, under the Code.

"Tax Sharing Agreements" means, collectively, each of the tax sharing agreements between the Agency and each of the County of Los Angeles, the Compton Unified School District, and the Compton Community College District.

"Third Supplemental Trust Agreement" means the Third Supplemental Trust Agreement, dated as of June 1, 1995, by and between the Agency and Seattle-First National Bank, as succeeded by U.S. Bank National Association, as Trustee, with respect to the Series 1995C Bonds, as heretofore amended and/or supplemented pursuant to the terms thereof and the Master Trust Agreement.

"Trust Agreement" means the Master Trust Agreement, has amended and supplemented by the Third Supplemental Trust Agreement, the Fifth Supplemental Trust Agreement, the Sixth Supplemental Trust Agreement, and this Seventh Supplemental Trust Agreement.

"Trust Office" means the corporate trust office of the Trustee at 1420 5th Avenue, 7th Floor, Seattle, Washington 98101 (facsimile: 206-344-4630); provided, however, for transfer, registration, exchange, payment and surrender of Bonds, "Trust Office" means the corporate trust office of U.S. Bank National Association in St Paul, Minnesota, or such other office designated by the Trustee from time to time.

ARTICLE II
GENERAL TERMS OF SERIES 2010B BONDS

SECTION 2.01. Authorization. The Series 2010B Bonds are hereby authorized to be issued for the purpose described in the Recitals hereof.

#4.

SECTION 2.02. Terms.

(a) The Series 2010B Bonds, authorized to be issued by the Agency under and subject to the terms of the Master Trust Agreement and this Seventh Supplemental Trust Agreement and the Law, shall be designated as the Agency's "Compton Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010B." The Series 2010B Bonds shall be issued in the aggregate principal amount of $_____________. The Series 2010B Bonds shall be dated as of the Closing Date for the Series 2010B Bonds, shall bear interest at such rates (payable on February 1 and August 1 in each year, commencing August 1, 2010), and shall mature and become payable as to principal on August 1 in each of the years in the amounts set forth below:

Maturity Date (August 1)	Principal Amount	Interest Rate
	$	%

(b) Interest on the Series 2010B Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2010B Bonds shall be issued as fully registered bonds in the denomination of $5,000, or any integral multiple of $5,000. The Series 2010B Bonds shall be numbered as determined by the Registrar. The Series 2010B Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) such date of authentication is during the period from the 16th day of the month next preceding an Interest Payment Date to and including such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or (ii) such date of authentication is on or before the 15th day of the month next preceding the first Interest Payment Date (*i.e.*, the first Record Date), in which event they shall bear interest from their dated date. Notwithstanding the foregoing, if, at the time of authentication of any Series 2010B Bond, interest is then in default on the Outstanding Bonds of such Series, such Series 2010B Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2010B Bonds.

Payment of interest on the Series 2010B Bonds due on or before the maturity of such Series 2010B Bonds shall be made to the person whose name appears on the bond registration books of the Registrar as the registered owner thereof, as of the close of business on the related Record Date. Subject to Section 2.12 of the Master Trust Agreement, such interest to be paid by check or draft mailed on each Interest Payment Date by first-class mail to such registered owner at the address appearing on such books or, upon written request received by the Trustee prior to the related Record Date, of an Owner of at least $1,000,000 in aggregate principal amount of Series 2010B Bonds, by wire transfer in immediately available funds to an account within the United States designated by such Owner.

Principal of the Series 2010B Bonds shall be payable upon the surrender thereof at maturity thereof at the Trust Office. Principal of and interest on the Series 2010B Bonds shall be paid in lawful money of the United States of America. If the principal of a Series 2010B Bond becomes due and payable, but shall not have been paid or provisions made for its payment, then such Series 2010B Bond shall bear interest at the same rate after such default as on the day before the default occur.

SECTION 2.03. Book-Entry System. The Series 2010B Bonds shall be initially issued as Book-Entry Bonds, in accordance with Section 2.12 of the Master Trust Agreement.

SECTION 2.04. Forms of Series 2010B Bonds. The Series 2010B Bonds, the authentication and registration endorsement and the assignment to appear thereon shall be substantially in the form attached hereto as Appendix A, with necessary or appropriate variations, omissions and insertions as permitted or required by this Seventh Supplemental Trust Agreement.

SECTION 2.05. Redemption of Series 2010B Bonds.

(a) Optional Redemption of Series 2010B Bonds. The Series 2010B Bonds maturing on or before August 1, 20__ shall not be subject to optional redemption prior to their maturity. The Series 2010B Bonds maturing on or after August 1, 20__ shall be subject to redemption as a whole or in part from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their maturity at the option of the Agency on any date on or after August 1, 20__, from funds derived by the Agency from any source, at a redemption price equal to [100 percent of the principal amount of the Series 2010B Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.]

(b) Mandatory Sinking Fund Redemption of Series 2010B Bonds. The Series 2010B Bonds maturing on August 1, 20__ and August 1, 20__ (the "Series 2010B Term Bonds") are also subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments deposited in the Project Second Lien Principal Account of the Project Second Lien Debt Service Fund for that purpose on August 1 of each year commencing August 1, 20__ and August 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

#4.

Series 2010B Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

Series 2010B Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

(c) Selection of Series 2010B Bonds for Redemption. Whenever less than all of the Outstanding Series 2010B Bonds of a maturity are called for redemption at any one time, the Trustee shall select the Series 2010B Bonds to be redeemed, from the Outstanding Series 2010B Bonds of such maturity not previously selected for redemption, by lot; provided, that if less than all of the Outstanding Series 2010B Term Bonds of any maturity of a Series are called for optional redemption, each future mandatory sinking account payment with respect to such Series 2010B Term Bonds will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, so that the total amount of mandatory sinking account payments (with respect to such Series 2010B Term Bonds) to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Series 2010B Term Bonds so redeemed, as shall be designated by the Agency to the Trustee in writing.

(d) Purchase in Lieu of Redemption. In lieu of redemption of any Series 2010B Term Bond, upon the written request of the Agency, the Series 2010B Term Bonds are subject to purchase in lieu of redemption from amounts on deposit in the Project Second Lien Principal Account of the Project Second Lien Debt Service Fund, in accordance with Section 3.05 of the Master Trust Agreement.

(e) Notice. Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its nominee, any Information Services or Securities Depository, by such transmission method as acceptable to such entity) by the Trustee, on behalf and at the expense of the Agency, not more than 60 days and not less than 30 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) one or more Information Services designated in writing to the Trustee by the Agency and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the Series designation of such Bonds, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date and upon the satisfaction of any condition to redemption stated in such notice in accordance with the Master Trust Agreement, interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. If, at the time that the notice redemption is mailed to the Owner, the Agency has not deposited with the Trustee sufficient funds to pay the redemption price and accrued interest, in full, with respect to the Bonds being called, the notice shall expressly state that the redemption is conditioned upon the deposit of funds by the Agency on or before the redemption date.

Failure by the Trustee to give notice pursuant to this Section to any one or more of the Information Services or Securities Depositories, or the insufficiency of (or the defect in) any such notice shall not affect the sufficiency of the proceedings for redemption. The failure of any Owner to receive any redemption notice mailed to such Owner and any defect in the notice so sent shall not affect the sufficiency of the proceedings for redemption.

(f) Right to Rescind. The Agency shall have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Neither such cancellation nor lack of available funds shall constitute an Event of Default under the Master Trust Agreement, as supplemented by this Seventh Supplemental Trust Agreement. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

(g) General Redemption Provisions. Except with respect to the foregoing, the provision set forth in Sections 3.01 through 3.05 of the Master Trust Agreement shall apply to the Series 2010B Bonds.

ARTICLE III
APPLICATION OF PROCEEDS; SERIES 2010B FUNDS AND ACCOUNTS

SECTION 3.01. Application of Proceeds of Series 2010B Bonds; Other Transfers of Funds on Closing Date. On the Closing Date, the Trustee shall receive proceeds from the sale of the Series 2010B Bonds in the amount of $__________ (representing the aggregate principal amount of the Series 2010B Bonds, **[**plus/less**]** an original issue **[**premium/discount**]** of

#4.

$_______, and less an underwriter's discount of $________). Immediately upon receipt, the Trustee shall (i) deposit the amount of $_______ in the Series 2010B Account of the Project Second Lien Reserve Fund established under Section 3.03, (ii) deposit the amount of $_______ in the Series 2010B Costs of Issuance Account established under Section 3.06, and (iii) deposit the balance of $_______ in the Redevelopment Fund designated under Section 4.02 of the Master Trust Agreement.

SECTION 3.02. Sources of Payment of Series 2010B Bonds. The Series 2010B Bonds, and any Project Parity Second Lien Bonds issued in accordance with provisions of Section 2.11 of the Master Trust Agreement, as amended by Section 4.01 of the Sixth Supplemental Trust Agreement, shall be secured by and payable from the Pledged Tax Revenues as provided in the Master Trust Agreement, as supplemented by this Seventh Supplemental Trust Agreement, and as such, are hereby made expressly subordinate to the Senior Bonds so long as any Senior Bonds remain Outstanding; provided, in accordance with the covenant and limitation set forth in Section 4.01 hereof, "Senior Bonds" shall consist solely of the Outstanding Series 1995C Bonds and Series 2006A Bonds. The Agency may, but is not obligated to, provide for payment of principal and interest on the Series 2010B Bonds from any other source or from any other funds of the Agency.

SECTION 3.03. Creation of Project Second Lien Debt Service Fund and Project Second Lien Reserve Fund.

(a) A special fund is hereby created and designated "Compton Redevelopment Project, Project Second Lien Tax Allocation Bonds Debt Service Fund" (the "Project Second Lien Debt Service Fund") to be held by the Trustee, and there are hereby created in the Project Second Lien Debt Service Fund two separate accounts designated "Project Second Lien Interest Account" and "Project Second Lien Principal Account."

(b) A separate special fund is hereby created and designated "Compton Redevelopment Project Tax Allocation Bonds Project Second Lien Reserve Fund" (the "Project Second Lien Reserve Fund") to be held by the Trustee. There is hereby created within the Project Second Lien Reserve Fund a separate account designated the "Series 2010B Account." Upon the issuance of the Series 2010B Bonds, a portion of the proceeds thereof shall be deposited in the Series 2010B Account of the Project Second Lien Reserve Fund in accordance with Section 3.01. The Series 2010B Account of the Project Second Lien Reserve Fund shall be established for the purposes of accounting for the amount of earnings upon the portion of the Project Second Lien Reserve Fund relating to the Series 2010B Bonds, but for all other purposes shall be held, invested and used as an integral part of the Project Second Lien Reserve Fund as provided herein.

(c) The Trustee shall deposit into these funds and accounts such amounts as provided in Sections 2.09 and 4.05 of the Trust Agreement and Section 3.01 hereof and shall also deposit into such funds and accounts such amounts as are received with instructions from the Agency to the Trustee to deposit such amounts into a specific fund, account, or subaccount.

(d) The Trustee is hereby authorized to create such subaccounts in said funds and accounts as may be convenient to the Trustee or as may be required under a subsequent Supplemental Trust Agreement.

SECTION 3.04. Withdrawals From Project Second Lien Debt Service Fund and Project Second Lien Reserve Fund; Valuation of the Project Second Lien Reserve Fund.

(a) In addition to the amounts deposited into the Project Second Lien Interest Account and the Project Second Lien Principal Account under Sections 4.05(a)(iv) and (v) of the Master Trust Agreement, the Trustee may accept and deposit into the Project Second Lien Debt Service Fund other amounts from the Agency or from other sources to be used for regularly scheduled principal, Final Compounded Amount (if any), and interest payments or for the redemption of Series 2010B Bonds and any Project Parity Second Lien Bonds. There shall be withdrawn from the Project Second Lien Interest Account and the Project Second Lien Principal Account from time to time and set aside or deposited with the respective Paying Agents sufficient money for paying the interest on the Series 2010B Bonds and any Project Parity Second Lien Bonds and the principal and Accreted Value (if any) of and premium on the Series 2010B Bonds and any Project Parity Second Lien Bonds as the same shall fall due, or if such interest, principal, Accreted Value (if any), or premium is paid by or through a form of credit support provided for the Series 2010B Bonds or any Project Parity Second Lien Bonds, amounts in the Project Second Lien Interest Account and Project Second Lien Principal Account may be used to reimburse such payments to the party providing such credit support. Moneys in any subaccounts created within the Project Second Lien Interest Account and the Project Second Lien Principal Account shall when withdrawn as provided above be used to pay interest, principal, Accreted Value (if any), or premium, as the case may be, on the Series 2010B Bonds and any Project Parity Second Lien Bonds for which the subaccount was created.

(b) Moneys held in the Project Second Lien Reserve Fund shall be used for the purpose of paying principal, Accreted Value (if any), and interest on the Series 2010B Bonds and any Project Parity Second Lien Bonds if the amounts in the accounts mentioned in clauses (iv) and (v) of Section 4.05(a) of the Master Trust Agreement shall on any date be insufficient to pay in full the interest and/or principal due on the Series 2010B Bonds and any Outstanding Project Parity Second Lien Bonds on such date. The Trustee shall use all available cash in the Project Second Lien Reserve Fund prior to drawing upon any Reserve Fund Insurance Policy deposited therein. At least annually, prior to August 1, the Trustee shall determine the market value of the Project Second Lien Reserve Fund. A Reserve Fund Insurance Policy deposited with the Trustee shall be valued as equal to the face amount of stated amount of such policy. If, on any evaluation of the Project Second Lien Reserve Fund, the value of the Project Second Lien Reserve Fund shall exceed the Reserve Fund Requirement for the Series 2010B Bonds and any Project Parity Second Lien Bonds, such excess shall be withdrawn and transferred to the Agency to be used for any lawful purpose. In addition, at such time as the Series 2010B Bonds or any Series of Project Parity Second Lien Bonds is paid in full, or deemed to have been paid in full, the Trustee shall value the Project Second Lien Reserve Fund, and if the amount on deposit in the Project Second Lien Reserve Fund after such Series 2010B Bonds or any Series of Project Parity Second Lien Bonds is paid in full, or deemed to have been paid in full, exceeds the Reserve Fund Requirement for the then Outstanding Series 2010B Bonds or Project Parity Second Lien Bonds, such excess shall be withdrawn and transferred to the Agency to be used for any lawful purpose. If on valuation of the Project Second Lien Reserve Fund, the value is less than the applicable Reserve Fund Requirement, deposits shall be made into the Project Second Lien Reserve Fund from and to the extent of Project Tax Revenues as provided in Section 4.05(vi) of the Master Trust Agreement until the Reserve Fund Requirement for the Project Second Lien Reserve Fund is restored.

Notwithstanding any provisions to the contrary in this Seventh Supplemental Trust Agreement or the Master Trust Agreement, on August 1, 20__ (i.e., the final maturity date of the Series 2010B Bonds), the Trustee shall transfer all of the money in the Series 2010B Account of the Project Second Lien Reserve Fund to the Project Second Lien Debt Service Fund and apply such money to the last payment of principal and interest on the Series 2010B Bonds.

SECTION 3.05. Moneys Held by Paying Agents in Trust; Unclaimed Moneys. All moneys which shall have been withdrawn from the Project Second Lien Debt Service Fund and set aside or deposited with a Paying Agent for the purpose of paying any of the Series 2010B Bonds or Project Parity Second Lien Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective Holders of such Series 2010B Bonds or Project Parity Second Lien Bonds, and such funds shall be held uninvested. Any moneys which have been so set aside or deposited and which shall remain unclaimed by the Holders of such Series 2010B Bonds or Project Parity Second Lien Bonds for a period of one (1) year after the date on which such Bonds shall have become due and payable (or such longer period as may be requested by the Agency) shall be paid to the Agency, and thereafter the Holders of such Series 2010B Bonds or Project Parity Second Lien Bonds shall look only to the Agency for payment and the Agency shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and the Paying Agent shall have no responsibility with respect to any of such moneys.

SECTION 3.06. Series 2010B Costs of Issuance Fund. The Trustee shall establish a fund known as the "Series 2010B Costs of Issuance Fund." Pursuant to Section 3.01, the Trustee shall deposit a portion of the proceeds of the sale of the Series 2010B Bonds into the Series 2010B Costs of Issuance Fund. The moneys in the Series 2010B Costs of Issuance Fund shall be used from time to time to pay Costs of Issuance with respect to the Series 2010B Bonds and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition which shall state, in respect of the payment to be made (a) the name and address (or such other proper account information) of the person, firm or corporation to whom payment is due, (b) the amount of such payment, and (c) the particular item of the cost to be paid and that such payment in the stated amount is a proper charge against the Series 2010B Costs of Issuance Fund and that no part of such payment shall be applied to any item which has previously been paid as a Cost of Issuance of the Series 2010B Bonds. On the date that is 90 days following the Closing Date of the Series 2010B Bonds, or upon the earlier receipt by the Trustee of a written request of the Agency to do so, the Trustee shall transfer all remaining amounts in the Series 2010B Costs of Issuance Fund to the Project Second Lien Interest Account of the Project Second Lien Debt Service Fund.

Moneys held in the Series 2010B Costs of Issuance Fund may, subject to the Series 2010B Tax Certificate, be invested and reinvested to the fullest extent practicable in any Permitted Investments as instructed by the Agency in writing, which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from the Series 2010B Costs of Issuance Fund; provided that, absent any such instruction from the Agency, moneys held in the Series 2010B Costs of Issuance Fund shall be invested in Permitted Investments described in clause (F) or (G) of the definition thereof. Any investment earnings on moneys on deposit in an account of the Series 2010B Costs of Issuance Fund shall be deposited in such account and be used in the same manner as other amounts on deposit therein.

ARTICLE IV
ADDITIONAL COVENANTS

In addition to the covenants set forth in the Master Trust Agreement, so long as any Series 2010B Bond is Outstanding, the Agency shall comply with the covenants set forth in this Article IV.

SECTION 4.01. No Additional Senior Bonds. The Agency shall not issue any Bonds secured by a first lien on Project Tax Revenues on a parity with the Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable), or the Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A, issued under the Third Supplemental Trust Agreement and the Fifth Supplemental Trust Agreement, respectively.

SECTION 4.02. Maintenance of Tax Exemption.

(a) The Agency shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the Tax-exempt status of interest on the Series 2010B Bonds under Section 103(a) of the Code or cause interest on the Series 2010B Bonds to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under Section 55 of the Code.

(b) In furtherance of the foregoing tax covenant, the Agency shall comply with the provisions of the Series 2010B Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Series 2010B Bonds.

ARTICLE V
MISCELLANEOUS

SECTION 5.01. Notices. Notwithstanding Section 11.06 of the Master Trust Agreement, any notice, request, demand or other communication with respect to the Series 2010B Bonds under the Trust Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy or other form of telecommunication, with prompt telephone confirmation. Notice shall be effective either (a) upon transmission by telecopy or other form of telecommunication, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Agency or the Trustee may, by written notice to the other party, from time to time modify the address or number to which communications are to be given hereunder.

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If to the Agency: Community Redevelopment Agency of the City of Compton
205 South Willowbrook Avenue
Compton, CA 90220
Attention: Executive Secretary
Fax: (310) 761-1429

If to the Trustee: U.S. Bank National Association
1420 5th Avenue, 7th Floor
Seattle, Washington 98101
Attention: Corporate Trust Department, Carolyn Whalen
Fax: (206) 344-4630 or -4632

Any party listed above may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to the Trust Agreement; provided, however, that: (i) subsequent to such facsimile transmission of written instructions, there shall be provided to the Trustee originally executed instructions and/or directions in a timely manner, (ii) such originally executed instructions and/or directions by the Agency shall be signed by an Authorized Agency Representative or a person designated and authorized by an Authorized Agency Representative to sign for the Agency, and, (iii) the Agency shall (A) provide to the Trustee an incumbency certificate listing such designated persons and (B) from time to time provide the Trustee updated incumbency certificates, as necessary or appropriate, reflecting persons who have been added or deleted from the listing.

SECTION 5.02. Waiver of Right to Receive Brokerage Confirmations. With respect to the funds and accounts relating to the Series 2010B Bonds maintained by the Trustee under the Trust Agreement, the Agency acknowledges that to the extent regulations of the Comptroller of the Currency or any other regulatory entity grant the Agency the right to receive brokerage confirmations of the security transactions as they occur, the Agency specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the periodic cash transaction statements to the Agency that include the detail for all investment transactions made by the Trustee with respect to such funds and accounts under the Trust Agreement.

SECTION 5.03. Executions in Counterparts. This Seventh Supplemental Trust Agreement may be executed in any number of counterparts, each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, as many of them as the Agency and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

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#4.

IN WITNESS WHEREOF, the Agency has caused this Seventh Supplemental Trust Agreement to be signed in its name and on its behalf by one of its duly authorized officers and the Trustee to evidence its acceptance of the trusts hereby created, has caused this Seventh Supplemental Trust Agreement to be signed in its name and behalf by one of its duly authorized officers all as of the date first above written.

COMPTON URBAN COMMUNITY DEVELOPMENT COMMISSION, ACTING AS COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

By:____
Executive Secretary

Attest:

____
Clerk

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:____
Authorized Officer

#4.

APPENDIX A

[Form of Series 2010B Bond]

[Unless this certificate is presented by an authorized representative of the Depository Trust Company, a New York Corporation ("DTC"), to the Agency or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
COMPTON REDEVELOPMENT PROJECT
SECOND LIEN TAX ALLOCATION BOND, SERIES 2010B

No. R-__ $_______

RATE OF INTEREST	MATURITY DATE	DATED DATE:	CUSIP:
%	August 1, 20__	April __, 2010	204712 ___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ________________________________ DOLLARS

The Community Redevelopment Agency of the City of Compton, a public body, corporate and politic, duly organized and existing under and pursuant to the laws of the State of California (the "Agency"), for value received hereby promises to pay (but solely from the funds hereinafter mentioned) to the registered owner specified above, or registered assigns, on the Maturity Date specified above the Principal Amount specified above, together with interest thereon from the interest payment date next preceding the date of authentication of this Series 2010B Bond (unless (i) this Series 2010B Bond is authenticated during the period from the 16th day of the month next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or (ii) this Series 2010B Bond is authenticated on or before the 15th day of the month next preceding the first interest payment date, in which event it shall bear interest from the dated date shown above) until the principal hereof shall have been paid, at the Rate of Interest specified above, payable on August 1, 2010, and semiannually thereafter on February 1 and August 1 in each year. Both the interest hereon and principal hereof are payable in lawful money of the United States of

America. The principal hereof is payable upon surrender hereof at maturity at the corporate trust office of U.S. Bank National Association (the "Trustee") in St. Paul, Minnesota, or at such other office as the Trustee may designate (the "Trust Office"). Interest hereon is payable by check mailed on each interest payment date by first class mail to the person in whose name this Series 2010B Bond is registered at the close of business on the 15th day of the month next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee, or upon written request received by the Trustee prior to the 15th day of the month preceding an interest payment date of a registered owner (an "Owner") of at least $1,000,000 in aggregate principal amount of outstanding Series 2010B Bonds, by transfer in immediately available funds to an account within the continental United States designated by such Owner.

This Series 2010B Bond is not a debt of the City of Compton, the State of California or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable hereon, nor in any event shall this Series 2010B Bond or any interest hereon be payable out of any funds or properties other than those of the Agency. The Series 2010B Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and neither the members of the Agency nor any persons executing the Series 2010B Bonds shall be personally liable on the Series 2010B Bonds by reason of their issuance.

This Series 2010B Bond is one of a duly authorized issue of bonds designated the Community Redevelopment Agency of the City of Compton, Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010B (the "Series 2010B Bonds"), limited in aggregate principal amount to $________, issued under the provisions of the Community Redevelopment Law of the State of California, as supplemented and amended (the "Law"), and pursuant to the provisions of a Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), as heretofore supplemented and as further supplemented and amended by a Seventh Supplemental Trust Agreement, dated as of April 1, 2010 (the "Seventh Supplemental Trust Agreement"), by and between the Agency and the Trustee. The Master Trust Agreement, as so amended and supplemented, and as the same may be further amended and supplemented from time to time in accordance with the terms thereof, is referred to herein as the "Trust Agreement."

All Series 2010B Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement. Reference is hereby made to the Trust Agreement and to the Law for (i) a description of the terms on which the Series 2010B Bonds are issued, (ii) the provisions with regard to the nature and extent of the security provided for the Series 2010B Bonds and of the nature, extent and manner of enforcement of such security, and (iii) a statement of the rights of the registered owners of the Series 2010B Bonds. All the terms of the Trust Agreement and the Law are hereby incorporated herein and constitute a contract between the Agency and the Owner from time to time of this Series 2010B Bond. By acceptance hereof, the Owner of this Series 2010B Bond consents and agrees to all the provisions of the Trust Agreement and the Law. Each Owner hereof shall have recourse to all the provisions of the Law and the Trust Agreement and shall be bound by all the terms and conditions thereof.

The Series 2010B Bonds are issued to finance redevelopment activities of the Agency with respect to the Compton Redevelopment Project, a duly adopted redevelopment project in the City of Compton, California. The Series 2010B Bonds are special obligations of the Agency and are payable, as to interest thereon, and principal thereof, exclusively from the Pledged Tax Revenues (as that term is defined in the Seventh Supplemental Trust Agreement) and certain other funds, and the Agency is not obligated to pay them except from the Pledged Tax Revenues and such other funds. Additional tax allocation bonds payable from the Pledged Tax Revenues may be issued which will rank equally as to security with the Series 2010B Bonds, subject to the terms and conditions set forth in the Trust Agreement.

The Series 2010B Bonds maturing on or before August 1, 20__ shall not be subject to optional redemption prior to their maturity. The Series 2010B Bonds maturing on or after August 1, 20__ shall be subject to redemption as a whole or in part from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their maturity at the option of the Agency on any date on or after August 1, 20__, from funds derived by the Agency from any source, at a redemption price equal to **[**100 percent of the principal amount of the Series 2010B Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.**]**

The Series 2010B Bonds maturing on August 1, 20__ and August 1, 20__ (the "Series 2010B Term Bonds") are also subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments deposited in the Project Second Lien Principal Account of the Project Second Lien Debt Service Fund for that purpose on August 1 of each year commencing August 1, 20__ and August 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Series 2010B Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

Series 2010B Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
(maturity)	

Notice of redemption with respect to the Series 2010B Bonds to be redeemed shall be mailed to the Owners thereof not less than thirty (30) nor more than sixty (60) days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books. Neither a failure of the Owner hereof to receive such notice nor any defect therein will affect the sufficiency or validity of the proceedings for redemption. All Series 2010B Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the Owners of such Series 2010B Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Series 2010B Bonds.

The Owner of any Series 2010B Bond or Series 2010B Bonds may surrender the same at the Trust Office in exchange for an equal aggregate principal amount of fully registered Series 2010B Bonds of any other authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Trust Agreement.

This Series 2010B Bond is transferable, as provided in the Trust Agreement, only upon a register to be kept by the Registrar for that purpose by the Owner hereof, upon surrender of this Series 2010B Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Owner or such Owner's duly authorized attorney, and thereupon a new fully registered Series 2010B Bond or Series 2010B Bonds, in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Trust Agreement, and upon payment of the charges therein prescribed. The Agency, the Trustee, the Registrar and the Paying Agency may deem and treat the person in whose name this Series 2010B Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and for all other purposes.

The rights and obligations of the Agency and of the registered owners of the Bonds may be amended at from time to time in the manner provided in, and subject to the terms of, the Trust Agreement.

This Series 2010B Bond shall not be entitled to any benefits under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been manually signed by the Trustee.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Series 2010B Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Series 2010B Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Series 2010B Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Community Redevelopment Agency of the City of Compton has caused this Series 2010B Bond to be executed in its name and on its behalf by its Chairman and attested by its Secretary, all as of the Dated Date first written above.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

By ____
Chairman

Attest:

____
Clerk

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[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Series 2010B Bonds described in the within-mentioned Trust Agreement and registered on the registration books relating to the Series 2010B Bonds.

Date: ______________, 20__

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By ____________________________________
Authorized Signatory

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#4.

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[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto ____, whose tax identification number is ______________, the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) ____________________________________ ____ attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated:

Signature guaranteed:

____

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

____

NOTICE: Signature must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or other similar program.

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COMPTON REDEVELOPMENT AGENCY
0% Growth Coverage Table

			Revenues for Senior Debt					2nd Lien Senior Non-Housing TI						2nd Lien Senior Housing Fund						
Fiscal Year	Non-Housing TI to Agency	Housing Fund (20% of GTI)	Non-Housing TI to Agency	Housing Fund	Revenues Pledged to 1st Lien Bonds	Existing 1st Lien Debt Service	Coverage	Available Non-Housing TI	Proposed 2nd Lien Net TI Debt Service	Coverage	Total Non-Housing TI + Portion of Housing TI* Debt Service	Coverage	Remaining Non-Housing TI after payment of 1st and 2nd Lien Bonds	Remaining Housing Fund	Available Housing TI for Debt Service	Proposed 2nd Lien Housing Debt Service	Coverage	Total Housing TI Debt Service	Coverage	Remaining Housing Fund after payment of 1st and 2nd Lien Bonds
6/30/2010	19,358,000	5,249,000	19,358,000	444,263	19,802,263	8,885,250	2.229	10,917,013	1,501,417	7.27	10,386,667	1.91	9,415,596	4,804,738	4,804,738	541,631	8.87	985,893	5.32	4,263,107
6/30/2011	19,675,000	5,234,000	19,675,000	445,250	20,120,250	8,905,000	2.259	11,215,250	4,504,250	2.49	13,409,250	1.50	6,711,000	4,788,750	4,788,750	2,389,500	2.00	2,834,750	1.85	2,399,250
6/30/2012	19,675,000	5,234,000	19,675,000	446,025	20,121,025	8,920,500	2.256	11,200,525	4,504,250	2.49	13,424,750	1.50	6,696,275	4,787,975	4,787,975	2,388,750	2.00	2,834,775	1.85	2,399,225
6/30/2013	19,675,000	5,234,000	19,675,000	447,300	20,122,300	8,946,000	2.249	11,176,300	4,504,250	2.48	13,450,250	1.50	6,672,050	4,786,700	4,786,700	2,390,725	2.00	2,838,025	1.84	2,395,975
6/30/2014	19,675,000	5,234,000	19,675,000		19,675,000	5,800,000	3.392	13,875,000	6,179,250	2.25	11,979,250	1.64	7,695,750	5,234,000	5,234,000	2,615,100	2.00	2,615,100	2.00	2,618,900
6/30/2015	19,675,000	5,234,000	19,675,000		19,675,000	5,800,000	3.392	13,875,000	6,180,250	2.25	11,980,250	1.64	7,694,750	5,234,000	5,234,000	2,612,250	2.00	2,612,250	2.00	2,621,750
6/30/2016	19,675,000	5,234,000	19,675,000		19,675,000	5,800,000	3.392	13,875,000	6,180,450	2.24	11,980,450	1.64	7,694,550	5,234,000	5,234,000	2,615,825	2.00	2,615,825	2.00	2,618,175
6/30/2017	19,675,000	5,234,000	19,675,000		19,675,000	5,800,000	3.392	13,875,000	6,179,050	2.25	11,979,050	1.64	7,695,950	5,234,000	5,234,000	2,615,175	2.00	2,615,175	2.00	2,618,825
6/30/2018	19,675,000	5,234,000	19,675,000		19,675,000	5,800,000	3.392	13,875,000	6,180,250	2.25	11,980,250	1.64	7,694,750	5,234,000	5,234,000	2,615,300	2.00	2,615,300	2.00	2,618,700
6/30/2019	19,675,000	5,234,000	19,675,000		19,675,000	5,800,000	3.392	13,875,000	6,177,850	2.25	11,977,850	1.64	7,697,150	5,234,000	5,234,000	2,615,875	2.00	2,615,875	2.00	2,618,125
6/30/2020	19,675,000	5,234,000	19,675,000		19,675,000	5,800,000	3.392	13,875,000	6,176,050	2.25	11,976,050	1.64	7,698,950	5,234,000	5,234,000	2,616,575	2.00	2,616,575	2.00	2,617,425
6/30/2021	19,675,000	5,234,000	19,675,000		19,675,000	5,800,000	3.392	13,875,000	6,178,650	2.25	11,978,650	1.64	7,696,350	5,234,000	5,234,000	2,612,075	2.00	2,612,075	2.00	2,621,925
6/30/2022	19,675,000	5,234,000	19,675,000		19,675,000	5,800,000	3.392	13,875,000	3,389,050	4.09	9,189,050	2.14	10,485,950	5,234,000	5,234,000	2,612,375	2.00	2,612,375	2.00	2,621,625
6/30/2023	19,675,000	5,234,000	19,675,000		19,675,000	5,800,000	3.392	13,875,000	3,393,900	4.09	9,193,900	2.14	10,481,100	5,234,000	5,234,000	2,611,825	2.00	2,611,825	2.00	2,622,175
6/30/2024	19,675,000	5,234,000	19,675,000		19,675,000	5,800,000	3.392	13,875,000	3,392,125	4.09	9,192,125	2.14	10,482,875	5,234,000	5,234,000	2,615,100	2.00	2,615,100	2.00	2,618,900
6/30/2025	19,012,000	5,055,000	19,012,000		19,012,000			19,012,000	8,879,050	2.14	8,879,050	2.14	10,132,950	5,055,000	5,055,000	2,526,550	2.00	2,526,550	2.00	2,528,450
6/30/2026	19,012,000	5,055,000	19,012,000		19,012,000			19,012,000	8,882,825	2.14	8,882,825	2.14	10,129,175	5,055,000	5,055,000	2,526,700	2.00	2,526,700	2.00	2,528,300
6/30/2027	10,078,000	2,620,000	10,078,000		10,078,000			10,078,000	4,706,575	2.14	4,706,575	2.14	5,371,425	2,620,000	2,620,000	1,304,700	2.01	1,304,700	2.01	1,315,300
6/30/2028	10,078,000	2,620,000	10,078,000		10,078,000			10,078,000	4,705,375	2.14	4,705,375	2.14	5,372,625	2,620,000	2,620,000	1,309,525	2.00	1,309,525	2.00	1,310,475
6/30/2029	10,078,000	2,620,000	10,078,000		10,078,000			10,078,000	4,708,775	2.14	4,708,775	2.14	5,369,225	2,620,000	2,620,000	1,306,100	2.01	1,306,100	2.01	1,313,900
6/30/2030	10,078,000	2,620,000	10,078,000		10,078,000			10,078,000	4,705,800	2.14	4,705,800	2.14	5,372,200	2,620,000	2,620,000	1,304,750	2.01	1,304,750	2.01	1,315,250
6/30/2031	8,847,000	2,280,000	8,847,000		8,847,000			8,847,000	4,131,125	2.14	4,131,125	2.14	4,715,875	2,280,000	2,280,000	1,135,150	2.01	1,135,150	2.01	1,144,850
6/30/2032	8,847,000	2,280,000	8,847,000		8,847,000			8,847,000	4,131,150	2.14	4,131,150	2.14	4,715,850	2,280,000	2,280,000	1,138,025	2.00	1,138,025	2.00	1,141,975
6/30/2033	8,847,000	2,280,000	8,847,000		8,847,000			8,847,000	4,130,125	2.14	4,130,125	2.14	4,716,875	2,280,000	2,280,000	1,137,650	2.00	1,137,650	2.00	1,142,350
6/30/2034	4,817,000	1,204,000	4,817,000		4,817,000			4,817,000	2,247,400	2.14	2,247,400	2.14	2,569,600	1,204,000	1,204,000	599,025	2.01	599,025	2.01	604,975
6/30/2035	4,817,000	1,204,000	4,817,000		4,817,000			4,817,000	2,249,525	2.14	2,249,525	2.14	2,567,475	1,204,000	1,204,000	596,925	2.02	596,925	2.02	607,075
6/30/2036	4,817,000	1,204,000	4,817,000		4,817,000			4,817,000	2,246,125	2.14	2,246,125	2.14	2,570,875	1,204,000	1,204,000	598,525	2.01	598,525	2.01	605,475
6/30/2037	4,817,000	1,204,000	4,817,000		4,817,000			4,817,000	2,247,200	2.14	2,247,200	2.14	2,569,800	1,204,000	1,204,000	598,500	2.01	598,500	2.01	605,500
6/30/2038	4,817,000	1,204,000	4,817,000		4,817,000			4,817,000	2,247,100	2.14	2,247,100	2.14	2,569,900	1,204,000	1,204,000	596,850	2.02	596,850	2.02	607,150
6/30/2039	4,817,000	1,204,000	4,817,000		4,817,000			4,817,000	2,250,500	2.14	2,250,500	2.14	2,566,500	1,204,000	1,204,000	598,575	2.01	598,575	2.01	605,425
/2040	4,817,000	1,204,000	4,817,000		4,817,000			4,817,000	2,246,750	2.14	2,246,750	2.14	2,570,250	1,204,000	1,204,000	598,350	2.01	598,350	2.01	605,650
/2041	4,817,000	1,204,000	4,817,000		4,817,000			4,817,000	2,245,850	2.14	2,245,850	2.14	2,571,150	1,204,000	1,204,000	601,175	2.00	601,175	2.00	602,825
/2042	4,817,000	1,204,000	4,817,000		4,817,000			4,817,000	2,247,150	2.14	2,247,150	2.14	2,569,850	1,204,000	1,204,000	601,725	2.00	601,725	2.00	602,275

ısing TI is equal to 5% of Senior Debt Service through and including Fiscal 2013

#4.

#4.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2010

NEW ISSUE—BOOK-ENTRY ONLY **(See "RATING" herein)**

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Housing Bonds and the Series 2010B 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, and (ii) interest on the Bonds is exempt from personal income taxation by the State of California. INTEREST ON THE SERIES 2010C BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2010C Bonds. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

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COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, CALIFORNIA
Compton Redevelopment Project
Second Lien Tax Allocation Bonds (Housing)
Series 2010A

$______________*

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, CALIFORNIA
Compton Redevelopment Project
Second Lien Tax Allocation Bonds

$________________* **Series 2010B**

$________________* **Series 2010C (Taxable)**

Dated: Date of Delivery **Due as shown on inside cover**

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue of Bonds. Investors are advised to read this entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Compton Urban Community Development Commission acting as the Community Redevelopment Agency of the City of Compton (the "Agency") is issuing its Compton Redevelopment Project, Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "Housing Second Lien Bonds"), its Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010B (the "Series 2010B Bonds"), its Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010C (Taxable) (the "Series 2010C Bonds"), (the "Series 2010C Bonds," and, together with the Series 2010B Bonds, the "Project Second Lien Bonds," and together with the Housing Second Lien Bonds, the "Bonds").

The Bonds will be issued pursuant to a Master Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"), as previously amended and supplemented, and as amended and supplemented by the Sixth Supplemental Trust Agreement relating to the Housing Second Lien Bonds, dated as of April 1, 2010 (the "Sixth Supplemental Trust Agreement"), the Seventh Supplemental Trust Agreement relating to the Series 2010B Bonds, dated as of April 1, 2010 (the "Seventh Supplemental Trust Agreement"), and the Eighth Supplemental Trust Agreement relating to the Series 2010C Bonds, dated as of April 1, 2010 (the "Eighth Supplemental Trust Agreement," and collectively with the Sixth Supplemental Trust Agreement and the Seventh Supplemental Trust Agreement and the Master Trust Agreement, the "Trust Agreement").

The Agency will use the proceeds of the Project Second Lien Bonds to (i) finance redevelopment activities with respect to the Compton Redevelopment Project Area (the "Project Area"), (ii) finance the Agency's obligation to deposit moneys in the Supplemental Educational Revenue Augmentation Fund (as defined herein), to the extent necessary for Fiscal Year 2009-10 and Fiscal Year 2010-11, (iii) finance the Agency's obligation to make statutory tax sharing payments with respect to tax increment revenues received in Fiscal Year 2008-09 to non-local educational agencies, (iv) finance certain tax sharing amounts payable to the Compton Unified School District under an Agreement for Cooperation with the Compton Unified School District, (v) fund reserve accounts, and (vi) to pay the costs of issuance of the Project Second Lien Bonds. The Agency will use the proceeds of the Housing Second Lien Bonds to (i) finance low and moderate income housing redevelopment activities with respect to the Project Area, (ii) fund a reserve account and (iii) pay the costs of issuance of the Housing Second Lien Bonds. See "PLAN OF FINANCE" herein.

The Bonds are being delivered in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Purchasers of interests in the Bonds will not receive certificates from the Agency or the Trustee representing their interest in the Bonds purchased. See APPENDIX E – "THE BOOK-ENTRY ONLY SYSTEM" attached hereto.

Interest on the Bonds will be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2010. Payments of principal and premium, if any, and interest on the Bonds will be payable by the Trustee to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to DTC's Direct Participants (defined herein) for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds, as more fully described herein.

Each series of Bonds is subject to redemption as described herein. See "THE BONDS – Redemption of the Project Second Lien Bonds" and "—Redemption of the Housing Second Lien Bonds" herein.

[Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by

[Insert Insurance Company logo here]

simultaneously with the delivery of the Bonds. See "BOND INSURANCE" herein and APPENDIX H—"SPECIMEN INSURANCE POLICY"].

For a discussion of some of the risks associated with a purchase of the Bonds, see "RISK FACTORS" herein.

The Project Second Lien Bonds are payable from and secured by the Project Second Lien Tax Revenues (as defined herein) and certain funds and accounts held under the Trust Agreement, and are subordinate to $41,742,530 aggregate principal amount of the Agency's Senior Obligations (as defined herein). The Housing Second Lien Bonds are payable from and secured by the Housing Second Lien Tax Revenues (as defined herein) and certain funds and accounts held under the Trust Agreement, and are subordinate to $41,742,530 aggregate principal amount of the Agency's Senior Obligations. Pursuant to the Trust Agreement, the Agency has covenanted that it will not issue any indebtedness secured by a first lien on Tax Revenues on a parity with the Senior Obligations. See "SECURITY FOR THE BONDS" herein.

The Bonds are special obligations of the Agency and as such are not a debt of the City of Compton (the "City") or the State of California (the "State") or any of its political subdivisions (other than the Agency), and neither the City, the State or any of its political subdivisions (other than the Agency) is liable for the payment thereof. In no event shall the Bonds be payable out of any funds or properties other than the funds set forth in the Trust Agreement. The Agency has no taxing power.

The Bonds are offered, when, as and if issued and received by the Underwriter, subject to approval as to their legality by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Agency by the City Attorney and for the Underwriter by its counsel, Sidley Austin LLP, San Francisco, California. It is anticipated that the Bonds in book-entry form will be available for delivery through the DTC book-entry system in New York, New York on or about May __, 2010.

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* Preliminary, subject to change.

#4.

GRIGSBY & ASSOCIATES, INC.

Dated: May __, 2010

#4.

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON, CALIFORNIA

MATURITY SCHEDULE

$______________*
Compton Redevelopment Project
Second Lien Tax Allocation Bonds (Housing)
Series 2010A

Maturity (August 1)	Principal Amount*	Interest Rate	Price or Yield	CUSIP†

$______________*
Compton Redevelopment Project
Second Lien Tax Allocation Bonds

$______________*
Series 2010B

Maturity (August 1)	Principal Amount*	Interest Rate	Price or Yield	CUSIP†

$______________*
Series 2010C (Taxable)

Maturity (August 1)	Principal Amount*	Interest Rate	Price or Yield	CUSIP†

* Preliminary, subject to change.

† *Copyright, American Bankers Association*. A registered trademark of The American Bankers Association. CUSIP is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers are provided for convenience of reference only. The Authority and the Underwriter take no responsibility for the accuracy of such numbers.

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON, CALIFORNIA

AGENCY AND CITY COUNCIL
Eric J. Perrodin, Mayor and Chairperson
Barbara Calhoun, Councilwoman and Member, *District 1*
Lillie Dobson, Councilwoman and Member, *District 2*
Yvonne Arceneaux, Councilwoman and Member, *District 3*
Dr. Willie O. Jones, Councilman and Member, *District 4*

AGENCY AND/OR CITY STAFF
Charles Evans, City Manager
Rico Smith, Assistant City Manager
David Hewitt, Assistant City Manager
Dr. Kofi Sefa-Boakye, Community Redevelopment Director
Craig Cornwell, City Attorney
Douglas Sanders, City Treasurer
Willie Norfleet, City Controller

SPECIAL SERVICES

Bond Counsel
Richards, Watson & Gershon, A Professional Corporation
Los Angeles, California

Underwriter
Grigsby & Associates, Inc.
San Francisco, California

Trustee
U.S. Bank National Association
Seattle, Washington

Financial Advisor
Fieldman, Rolapp & Associates
Irvine, California

Redevelopment Consultant
The Ometeotl Group
Monrovia, California

Fiscal Consultant
Katz Hollis
Los Angeles, California

#4.

REGIONAL MAP

No dealer, broker, salesperson or other person has been authorized by the Agency or the Underwriter to give any information or to make any representations with respect to the Bonds, other than those in this Official Statement, 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 any offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained herein has been obtained from the Agency and sources other than the Agency that are believed to be reliable, but it is not guaranteed as to accuracy or completeness by and is not to be relied upon or construed as a promise or representation by the Agency or the Underwriter. 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 DTC since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: *The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its respective 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.*

Certain statements contained in this Official Statement do not reflect historical facts but are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this context, the words "estimate," "forecast," "project" (when used as a verb), "anticipate," "expect," "intend," "plan" (when used as a verb), "believe" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

This Official Statement is not a contract with the purchasers of the Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such document, statute and constitutional provision.

This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Agency.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAW, AND THE TRUST AGREEMENT HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON THE EXEMPTIONS CONTAINED IN SUCH ACTS. THE BONDS WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY HEREOF. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

#4.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE INITIAL PUBLIC OFFERING PRICES, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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$_______________*
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, CALIFORNIA
Compton Redevelopment Project
Second Lien Tax Allocation Bonds (Housing)
Series 2010A

$_______________*
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, CALIFORNIA
Compton Redevelopment Project
Second Lien Tax Allocation Bonds

$_________________*	**$_________________***
Series 2010B	**Series 2010C (Taxable)**

INTRODUCTION

This Introduction contains only a brief summary of certain of the terms of the Bonds being offered, and a full review should be made of the entire Official Statement including the cover page, the table of contents and the appendices for a more complete description of the terms of the Bonds. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of provisions of, any other documents referred to herein do not purport to be complete, and such references are qualified in their entirety by reference to the complete provisions of such documents.

The Bonds

This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the issuance by the Compton Urban Community Development Commission, acting as the Community Redevelopment Agency of the City of Compton (the "Agency"), of $____________ aggregate principal amount of its Compton Redevelopment Project, Second Lien Tax Allocation Bonds (Housing), Series 2010A (the "Housing Second Lien Bonds"), $____________ aggregate principal amount of its Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010B (the "Series 2010B Bonds"), $____________ aggregate principal amount of its Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010C (Taxable) (the "Series 2010C Bonds," and, together with the Series 2010B Bonds, the "Project Second Lien Bonds," and together with the Housing Second Lien Bonds, the "Bonds").

Terms used but not defined in this Official Statement have the meanings set forth in the Trust Agreement (as defined below). See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

The Bonds will be issued pursuant to the Constitution of the State of California (the "State") and the Community Redevelopment Law (Part 1, commencing with Section 33000, of Division 24 of the Health and Safety Code, as amended) (the "Redevelopment Law" or the "Law"), and resolutions adopted by the Agency and the City of Compton (the "City"). The Bonds will be issued pursuant to a Master Trust Agreement, dated as of June 1, 1995 (the "Master Trust Agreement"), by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"), as previously amended and supplemented, and as amended and supplemented by the Sixth Supplemental Trust Agreement relating to the Housing

* Preliminary, subject to change.

Second Lien Bonds, dated as of April 1, 2010 (the "Sixth Supplemental Trust Agreement"), the Seventh Supplemental Trust Agreement relating to the Series 2010B Bonds, dated as of April 1, 2010 (the "Seventh Supplemental Trust Agreement") and the Eighth Supplemental Trust Agreement relating to the Series 2010C Bonds, dated as of April 1, 2010 (the "Eighth Supplemental Trust Agreement," and collectively with the Sixth Supplemental Trust Agreement and the Seventh Supplemental Trust Agreement and the Master Trust Agreement, as previously amended and supplemented, the "Trust Agreement").

The Agency will use the proceeds of the Project Second Lien Bonds to (i) finance redevelopment activities with respect to the Project Area (as defined below), (ii) finance the Agency's obligation to deposit moneys in the Supplemental Educational Revenue Augmentation Funds (as defined herein), if necessary, for Fiscal Years 2009-10 and 2010-11, (iii) finance the Agency's obligation to make statutory tax sharing payments with respect to tax increment revenues received in Fiscal Year 2008-09 to non-local educational agencies, (iv) finance certain tax sharing amounts payable to the Compton Unified School District under an Agreement for Cooperation with the Compton Unified School District, (v) fund reserve accounts, and (iv) pay the costs of issuance of the Project Second Lien Bonds. The Agency will use the proceeds of the Housing Second Lien Bonds to (i) finance low and moderate income housing redevelopment activities with respect to the Project Area, (ii) fund a reserve account, and (iii) pay the costs of issuance of the Housing Second Lien Bonds. See "PLAN OF FINANCE" herein.

The Bonds are special obligations of the Agency. The Project Second Lien Bonds are payable from and secured by the Project Second Lien Tax Revenues (as defined herein) and certain funds and accounts held under the Trust Agreement. The Housing Second Lien Bonds are payable from and secured by the Housing Second Lien Tax Revenues (as defined herein) and certain funds and accounts held under the Trust Agreement.

No Additional Senior Obligations

The Bonds are subordinate to the Agency's Compton Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1995C (Taxable) (the "1995 Bonds"), of which $10,137,530 aggregate principal amount remains Outstanding, and the Agency's Compton Redevelopment Project Refunding Tax Allocation Bonds, Series 2006A (the "2006 Bonds" and, together with the 1995 Bonds, the "Senior Obligations"), of which $31,605,000 aggregate principal amount remains Outstanding.

Pursuant to the Trust Agreement, the Agency has covenanted that it will not issue any additional bonds secured by a first lien on Tax Revenues on a parity with the Senior Obligations.

The Agency

The Agency was established pursuant to the Redevelopment Law. In 1968, the City Council of the City (the "City Council") adopted Ordinance No. 1318, which activated the Agency. The Agency is governed by a five-member board which consists of all members of the City Council. See "THE REDEVELOPMENT AGENCY" herein.

The Trustee

The Agency has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The obligations of the Trustee are described in the Trust Agreement. The Trustee has undertaken only those duties and obligations that are expressly set forth in the Trust Agreement. The Trustee has not independently passed upon the validity of the Bonds, the security of the payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or State income tax purposes of the interest on the Bonds, or any other matter with respect to the issuance of the Bonds. Except for the contents of this paragraph, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy, or completeness of the information included in this Official Statement.

The Project Area

The Compton Redevelopment Project Area (the "Project Area") was formed by the adoption of Ordinance No. 1,865 by the Agency on December 10, 1991, which merged the former Walnut Industrial Park Project Area and the former Rosecrans Redevelopment Project No. 1 Project Area and added an additional area ("Area A-1"). The Project Area encompasses approximately 2,600 acres located within the boundaries of the City. The Project Area currently contains and is planned for a mixture of commercial, industrial and residential development, and complimentary public facilities. See "THE PROJECT AREA" herein.

Tax Revenues

Under a constitutionally authorized statutory process, certain property taxes collected in the Project Area due to any increases in the assessed valuation of land, improvements, personal property and public utility property (except public property and property exempt from taxation) over that shown on the assessment rolls for the adjusted base year assessment roll (the "Tax Revenues") may be pledged to repayment of indebtedness incurred in conjunction with redevelopment of the Project Area. The Redevelopment Law requires that, in certain circumstances applicable in this instance, 20% of the Tax Revenues generated in the Project Area must be set aside for certain housing uses (the "Housing Tax Revenues"). See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Low and Moderate Income Housing Fund" herein.

In addition, pursuant to tax revenue sharing agreements with the County of Los Angeles (the "County"), the Compton Community College District (the "College District"), and the Compton Unified School District (the "School District") pertaining specifically to Area A-1 of the Project Area, the Agency is required to make certain payments out of the Tax Revenues allocable to Area A-1 to these agencies. The County, the College District and the School District have subordinated their right to receive any such Tax Revenues under and as permitted by the respective Tax Sharing Agreements to the Agency's pledge of Tax Revenues to the Bonds. The Agency is no longer authorized by the Redevelopment Law to enter into any other such revenue sharing agreements unless such agreements are subordinate to the payment of debt service on the Bonds and the Senior Obligations. For additional information on the Tax Sharing Agreements, see "SECURITY FOR THE BONDS—Tax Sharing Agreements" and APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

Any future decrease in the assessed valuation in the Project Area, the applicable tax rates (and, in particular, the tax override for the benefit of the City's pension fund system) or tax collection rates, a general decline in the economic condition of the Project Area or a change in law reducing tax increment received by the Agency from the Project Area, will reduce the tax revenues allocated to the Agency from the Project Area, which are the principal source of payment for the Bonds and correspondingly may have an adverse impact on the ability of the Agency to pay debt service on the Bonds. See "RISK FACTORS—City Charter-Authorized Levy" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein.

The Bonds are Special Obligations

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AGENCY AND AS SUCH ARE NOT A DEBT OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY), AND NEITHER THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) IS LIABLE FOR THE PAYMENT THEREOF. IN NO EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THE FUNDS SET FORTH IN THE TRUST AGREEMENT. THE AGENCY HAS NO TAXING POWER.

Certain Legal Matters

The legal opinion of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel, approving the validity of the Bonds, will be made available to purchasers at the time of original delivery of the Bonds. The proposed form of the legal opinion of Bond Counsel is attached hereto as APPENDIX F. Certain legal matters will be passed upon for the Underwriter by its counsel, Sidley Austin LLP, San Francisco, California. Bond Counsel and Underwriter Counsel undertake no responsibility for the accuracy, completeness, or fairness of this Official Statement. Certain legal matters will be passed upon for the Agency and for the Authority by the City Attorney. Payment of the fees of Bond Counsel is contingent upon sale and delivery of the Bonds. Richards, Watson & Gershon also acts as special counsel to the Agency and the City on a variety of legal matters.

Reference to Underlying Documents

Brief descriptions of the Bonds, the Trust Agreement, the Agency, the City and the Project Area are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each such summary and reference is qualified in its entirety by reference to such document, statute, report or instrument, copies of which are all available for inspection at the offices of the Agency. Certain capitalized terms used herein but not otherwise defined shall have the meaning given to those terms in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

THE BONDS

General

The Bonds will be issued as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form only, in denominations of $5,000 or any integral multiple thereof. The Bonds will be issued in the principal amounts and will bear interest at the rates and mature on the dates and in the amounts set forth on the inside cover page of this Official Statement.

Interest on the Bonds is payable commencing August 1, 2010, and semiannually thereafter on each February 1 and August 1. Principal and interest are payable by the Trustee to DTC, which is obligated in turn to remit such principal and interest to DTC's Direct Participants for subsequent disbursement to Beneficial Owners of the Bonds, as described below. See APPENDIX E – "THE BOOK-ENTRY ONLY SYSTEM."

Redemption of the Housing Second Lien Bonds

Optional Redemption of Housing Second Lien Bonds. The Housing Second Lien Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to their maturity. The Housing Second Lien Bonds maturing on or after August 1, 20__ are subject to redemption as a whole or in part from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their maturity at the option of the Agency on any date on or after August 1, 20__, from funds derived by the Agency from any source, at a redemption price equal to [100 percent of the principal amount of the Housing Second Lien Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.]

Mandatory Sinking Fund Redemption of Housing Second Lien Bonds. The Housing Second Lien Bonds maturing on August 1, 20__ and August 1, 20__ are also subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments deposited in the Housing Second Lien Principal Account of the Housing Second Lien Debt Service Fund for that purpose on August 1 of each year commencing August 1, 20__ and August 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Housing Second Lien Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
†	

† Maturity

Redemption of the Project Second Lien Bonds

Optional Redemption of Series 2010B Bonds. The Series 2010B Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to their maturity. The Series 2010B Bonds maturing on or after August 1, 20__ are subject to redemption as a whole or in part from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their maturity at the option of the Agency on any date on or after August 1, 20__, from funds derived by the Agency from any source, at a redemption price equal to [100 percent of the principal amount of the Series 2010B Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.]

Mandatory Sinking Fund Redemption of Series 2010B Bonds. The Series 2010B Bonds maturing on August 1, 20__ and August 1, 20__ are also subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments deposited in the Project Second Lien Principal Account of the Project Second Lien Debt Service Fund for that purpose on August 1 of each year commencing August 1, 20__ and August 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

#4.

Series 2010B Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
†	

† Maturity

Optional Redemption of Series 2010C Bonds. The Series 2010C Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to their maturity. The Series 2010C Bonds maturing on or after August 1, 20__ are subject to redemption as a whole or in part from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their maturity at the option of the Agency on any date on or after August 1, 20__, from funds derived by the Agency from any source, at a redemption price equal to [100 percent of the principal amount of the Series 2010C Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.]

Mandatory Sinking Fund Redemption of Series 2010C Bonds. The Series 2010C Bonds maturing on August 1, 20__ and August 1, 20__ are also subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments deposited in the Project Second Lien Principal Account of the Project Second Lien Debt Service Fund for that purpose on August 1 of each year commencing August 1, 20__ and August 1, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Series 2010C Bonds maturing August 1, 20__

Redemption Date (August 1)	Principal Amount
	$
†	

† Maturity

Purchase in Lieu of Redemption

Upon the written request of the Agency, the Bonds are subject to purchase in lieu of redemption from amounts on deposit in the Housing Second Lien Principal Account of the Housing Second Lien Debt Service Fund or in the Project Second Lien Principal Account of the Project Second Lien Debt Service Fund, as applicable, in accordance with the provisions of the Trust Agreement.

Notice of Redemption

Notice of redemption will be sent by first class mail (or with respect to notices to be received by DTC or its nominee, any Information Services or Securities Depository, by such transmission method as acceptable to such entity) by the Trustee, on behalf and at the expense of the Agency, not more than 60 days and not less than 30 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) one or more Information Services designated in writing to the Trustee by the Agency and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the Series designation of such Bonds, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on such date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. If, at the time that the notice redemption is mailed to the Owner, the Agency has not deposited with the Trustee sufficient funds to pay the redemption price and accrued interest, in full, with respect to the Bonds being called, the notice shall expressly state that the redemption is conditioned upon the deposit of funds by the Agency on or before the redemption date. Failure by the Trustee to give notice pursuant to the notice provisions of the Trust Agreement to any one or more of the Information Services or Securities Depositories, or the insufficiency of (or the defect in) any such notice shall not affect the sufficiency of the proceedings for redemption. The failure of any Owner to receive any redemption notice mailed to such Owner and any defect in the notice so sent shall not affect the sufficiency of the proceedings for redemption.

The Agency shall have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Neither such cancellation nor lack of available funds shall constitute an Event of Default under the Trust Agreement. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

Effect of Redemption

On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Trust Agreement relating to the Bonds to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, unless otherwise provided in the Trust Agreement, the Bonds called for redemption will become due and payable on the redemption date, interest on such Bonds will cease to accrue, such Bonds will cease to be entitled to any lien, benefit or security under the Trust Agreement, and the owners of such Bonds will have no rights in respect thereof except to receive payment of the redemption price.

PLAN OF FINANCE

The Bonds are being issued to finance the costs of certain projects of benefit to the Project Area, fund certain reserve accounts, finance the Agency's obligation to deposit moneys in the Supplemental Education Revenue Augmentation Fund (the "SERAF Payments"), for Fiscal Year 2009-10 and Fiscal Year 2010-11 (or, alternatively, to finance redevelopment activities with respect to the Project Area), and to pay costs of issuance of the Bonds.

The Housing Second Lien Bonds

The proceeds of the Housing Second Lien Bonds will be used to (i) finance low and moderate income housing redevelopment activities with respect to the Project Area, (ii) fund a reserve account and (iii) pay costs of issuance of the Housing Second Lien Bonds.

Housing Second Lien Bonds Sources and Uses of Funds

The following table sets forth the estimated sources and uses of proceeds of the Housing Second Lien Bonds:

HOUSING SECOND LIEN BONDS
ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds:	
Par Amount of Bonds	$
Premium	
Total Sources of Funds:	$
Uses of Funds:	
Deposit to Debt Service Fund	$
Deposit to Reserve Account	
Underwriter's Discount	
Costs of Issuance(1)	
Total Uses of Funds:	$

(1) Includes legal, printing, rating agency fees and expenses, financial advisor's fee, redevelopment consultant's fees, fiscal consultant's fees, [bond insurance premium] and other issuance costs and other issuance costs.

Proposed Low and Moderate Income Housing Projects.

The Alameda Court Housing Project consists of the development of a 28-unit town home complex at 501 Alameda Court and 521 N. Alameda. The Alameda Court Housing Project is currently selling the 28 units. The estimated project budget is approximately $8,400,000, of which approximately $2,100,000 will be financed with proceeds of the Housing Second Lien Bonds.

The Alondra/Atlantic Mixed-Use Project consists of the acquisition of a site to facilitate development of an approximately 160,000 sq. ft. horizontal housing and retail mixed-use facility, with approximately 90,000 sq. ft. of retail and 65 housing units at Alondra Blvd and Atlantic Avenue. The Alondra/Atlantic Mixed-Use Project is currently in the conceptual design phase of the development process. Acquisition activities are expected to be completed by January 1, 2012. The estimated project budget is approximately $30,000,000, of which approximately $2,000,000 will be financed with proceeds of the Housing Second Lien Bonds. The project is expected to create approximately 200 jobs.

The Alondra/Grandee Mixed-Use Project consists of the acquisition of a site to facilitate development of a mixed-use facility, with approximately 4,000 sq. ft. of retail and 6-8 housing units at Alondra Blvd. and Grandee Avenue. The Alondra/Grandee Mixed-Use Project is currently in the conceptual design phase of the development process. Acquisition activities are expected to be completed by January 1, 2012. The estimated project budget is approximately $3,000,000, of which approximately $3,000,000 will be financed with proceeds of the Housing Second Lien Bonds. The project is expected to create approximately 50 jobs.

The Long Beach McDonald/Chevron Mixed-Use Project consists of capital improvements and infrastructure improvements to facilitate development of a mixed-use facility, with approximately 30,000 sq. ft. of retail and 6-8 housing units at 1117 Long Beach. The Long Beach McDonald/Chevron Mixed-Use Project is currently in the conceptual design phase of the development process, with project completion expected in 2014. The estimated project budget is approximately $12,700,000, of which approximately $1,500,000 will be financed with proceeds of the Project Second Lien Bonds. Proceeds of the Project Second Lien Bonds are expected to be utilized for capital and infrastructure improvements. The project is expected to create approximately 70 jobs.

The SWC Compton/Central Mixed-Use Project consists of the acquisition of a site to facilitate development of a commercial and retail with housing mixed-use facility, with approximately 40,000 sq. ft. of retail and 35-50 housing units. The SWC Compton/Central Mixed-Use Project is currently in the conceptual design phase of the development process, with project completion expected in 2013. Acquisition activities are expected to be completed by January 1, 2012. The estimated project budget is approximately $30,450,000, of which approximately $3,000,000 will be financed with proceeds of the Project Second Lien Bonds. The project is expected to create approximately 200 jobs.

The Morris Site Mixed-Use Project consists of the acquisition of a site to facilitate development of a mixed-use facility, with approximately 20,000 sq. ft. of retail and 3-5 housing units at 1434 W. Compton Blvd. The Compton Morris Site Mixed-Use Project is currently in the conceptual design phase of the development process, with project completion expected in 2013. Acquisition activities are expected to be completed by January 1, 2012. The estimated project budget is $5,700,000, of which approximately $1,465,000 will be financed with proceeds of the Project Second Lien Bonds. The project is expected to create approximately 50 jobs.

The 1716 Rosecrans Mixed-Use Project consists of the acquisition of the site to facilitate development of a mixed-use facility, with approximately 100,000 sq. ft. of retail and 100-150 housing units. The 1716 Rosecrans Mixed-Use Project is currently in the conceptual design phase of the development process, with project completion expected in 2013. Acquisition activities are expected to be completed by January 1, 2012. The estimated project budget is approximately $2,250,000, of which approximately $1,000,000 will be financed with proceeds of the Project Second Lien Bonds. The project is expected to create approximately 15 jobs.

The School District Site Project on North McKinley consists of project assistance and site remediation to facilitate the development of an approximately 145,000 sq. ft. retail center. The School District Site Project is currently in the design development phase of the development process, with project completion expected in the fourth quarter of 2013. The estimated project budget is approximately $29,200,000, of which approximately $2,500,000 will be financed with proceeds of the Project Second Lien Bonds. The project is expected to create approximately 300 jobs.

Proceeds of the Housing Second Lien Bonds are also expected to be used for the acquisition of blighted apartment buildings within the Project Area to enable the Agency to acquire and renovate affordable housing projects with the Project Area. The estimated project budget is approximately $10,000,000, of which approximately $10,000,000 will be financed with proceeds of the Housing Second Lien Bonds. Acquisition activities are expected to be completed by January 1, 2012.

Proceeds of the Housing Second Lien Bonds are also expected to be used for the First Time Home Buyers Program for single family residential housing units within the Project Area. The estimated project budget is $3,500,000, all of which is expected to be financed with proceeds of the Housing Second Lien Bonds.

The City Council approved mitigated negative declarations for the above projects on March 25, 2010. Further CEQA review is not required subsequent to the issuance of the proposed Housing Second Lien Bonds.

Proceeds of the Housing Second Lien Bonds may also be used in connection with financing other housing purposes eligible to be financed under the Redevelopment Law.

The Project Second Lien Bonds

The Series 2010B Bonds. The proceeds of the Series 2010B Bonds will be used to (i) finance redevelopment activities with respect to the Project Area, (ii) fund a reserve account and (iii) pay costs of issuance of the Series 2010B Bonds.

The Series 2010C Bonds. The proceeds of the Series 2010C Bonds will be used to (i) finance the Agency's obligation to make the SERAF Payments, to the extent necessary for Fiscal Year 2009-10 and Fiscal Year 2010-11 (or, alternatively, to finance redevelopment activities with respect to the Project Area), (ii) finance the Agency's obligation to make statutory tax sharing payments with respect to tax increment revenues received in Fiscal Year 2008-09 to non-local educational agencies, (iii) finance certain tax sharing amounts payable to the School District under an Agreement for Cooperation with the School District, (iv) fund a reserve account and (v) pay costs of issuance of the Series 2010C Bonds.

Project Second Lien Bonds Sources and Uses of Funds

The following table sets forth the estimated sources and uses of proceeds of the Project Second Lien Bonds:

PROJECT SECOND LIEN BONDS
ESTIMATED SOURCES AND USES OF FUNDS

	Series 2010B Bonds	Series 2010C Bonds
Sources of Funds:	$	$
Par Amount of Bonds		
Premium		
Total Sources of Funds:	$	$
Uses of Funds:		
Deposit to Debt Service Fund	$	$
Deposit to Reserve Accounts		
Underwriter's Discount		
Costs of Issuance(2)		
Total Uses of Funds:	$	$

(1) Includes legal, printing, rating agency fees and expenses, financial advisor's fee, redevelopment consultant's fees, fiscal consultant's fees, [bond insurance premium] and other issuance costs.

Proposed Projects.

The North Downtown Master Plan Project consists of the development of a Transit Village comprising the Dr. Martin Luther King Jr. Transit Center, a Community Center, a Seniors Activity Center, and a parking structure, as described in more detail below. The North Downtown Master Plan Project is currently in the design development phase of the development process, with project completion expected in 2012. The estimated project budget is approximately $39,900,000, $20,000,000 of which is expected to be financed with proceeds of the Project Second Lien Bonds. The project is expected to create approximately 130 jobs.

The Dr. Martin Luther King Jr. Transit Center Project includes the reconstruction of a public bus and rail transit station, and associated street improvements and bus queuing modifications.

Approximately $14,500,000 of the project budget will be financed with proceeds of the Project Second Lien Bonds.

The Community Center Project consists of the development of an approximately 20,000 sq. ft. public community center on two floors of the Transit Village. Approximately $16,000,000 of the project budget will be financed with proceeds of the Project Second Lien Bonds.

The Seniors Activity Center Project consists of the development of an approximately 20,0000 sq. ft. public senior citizen activities center on two floors of the Transit Village. The new center enhances indoor – outdoor relationships by promoting natural heating and cooling, as well as natural ventilation and sun penetration. Approximately $7,400,000 of the project budget will be financed with proceeds of the Project Second Lien Bonds.

The Transit Village will include a parking structure with 600 space public parking structure, with one subterranean level and three above ground levels with 150 parking spaces per floor. Approximately $19,800,000 of the project budget will be financed with proceeds of the Project Second Lien Bonds.

The Transit Village will also include the design and construction of various streetscape improvements such as street light upgrades, decorative lighting elements, tree replacement, street fixtures, and median modifications and construction, along Alameda Corridor, Compton Blvd., Rosecrans Ave., Willowbrook Ave., Greenleaf Blvd., and other connecting streets. The estimated project budget is approximately $14,000,000, all of which is expected to be financed with proceeds of the Project Second Lien Bonds.

The Jackie Robinson Sports Complex consists of the land acquisition and funding assistance for the development of a sports park, including but not limited to a minor league baseball stadium (approximately 5,000-7,000 capacity) and little league baseball diamonds. The Jackie Robinson Sports Complex is currently in the design development phase of the development process, with project completion expected in early 2013. Acquisition activities are expected to be completed by January 1, 2012. The estimated project budget is approximately $20,000,000, of which approximately $2,000,000 will be financed with proceeds of the Project Second Lien Bonds. The project is expected to create approximately 50 jobs.

The City of Compton Performing Arts Center Project consists of the development of an approximately 3,000 seat performing arts center, ancillary facilities and associated parking. The City of Compton Performing Arts Center Project is currently in the conceptual phase of the development process, with project completion expected in late 2014. The estimated project budget is $25,000,000, of which approximately $6,000,000 will be financed with proceeds of the Project Second Lien Bonds. The project is expected to generate approximately 100 jobs.

The City Council approved mitigated negative declarations for the above projects on March 25, 2010. Further CEQA review is not required subsequent to the issuance of the proposed Project Second Lien Bonds.

Proceeds of the Project Second Lien Bonds may also be used in connection with financing other purposes eligible to be financed under the Redevelopment Law.

SECURITY FOR THE BONDS

Tax Allocation Financing

The Redevelopment Law and the State Constitution provide a method for financing and refinancing redevelopment projects based upon an allocation of property taxes collected within a project area. First, the assessed valuation of the taxable property in a project area last equalized prior to adoption of the related 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. Except as discussed in the following paragraph, taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll are allocated to the redevelopment agency to pay for redevelopment projects and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment projects. Redevelopment agencies themselves have no authority to levy taxes on property and must look specifically to the allocation of taxes produced as above indicated.

The State Legislature placed on the ballot for the November, 1988, general election, Proposition No. 87 (Assembly Constitutional Amendment No. 56) pertaining to the allocation of tax increment revenues. This measure, which was approved by the electorate, authorized the State Legislature to cause tax increment revenues attributable to certain increases in tax rates occurring after January 1, 1989, to be allocated to the entities on whose behalf such increased tax rates are levied rather than to the applicable redevelopment agency, as would have been the case under prior law. The measure applies to tax rates levied to pay principal of and interest on general obligation bonds approved by the voters on or after January 1, 1989. Assembly Bill 89 (Statutes of 1989, Chapter 250), which implements this Constitutional Amendment, became effective on January 1, 1990. The projection of Tax revenues to be allocated to the Agency excludes tax rates levied pursuant to voter approval granted on or after January 1, 1989 as set forth in APPENDIX A hereto.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AGENCY AND AS SUCH ARE NOT A DEBT OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) AND NEITHER THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) IS 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 SET FORTH IN THE TRUST AGREEMENT. THE AGENCY HAS NO TAXING POWER.

Allocation of Taxes

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, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State and any city, county, city and county, district or other public corporation (herein collectively referred to as “taxing agencies”) for Fiscal Years beginning after January 1 subsequent to the effective date of the ordinances adopting the Redevelopment Plan for the Project Area, or any amendment thereof, are divided as follows:

1. *To 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 said 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 ordinance approving

the Redevelopment Plan, shall be allocated to, and when collected shall be paid into the funds of the respective taxing agencies as taxes by or for said taxing agencies on all other property are paid; and

2. *To the Agency:* Except for taxes allocated to taxing agencies as described above and taxes which are attributable to a tax 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, that portion of said levied taxes each year in excess of such amounts shall be allocated to, and when collected, shall be paid to the Agency to pay for redevelopment projects and principal of and interest on 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.

Housing Set-Aside Amounts

In accordance with the Redevelopment Law (unless the Agency makes certain findings), not less than 20% of all gross taxes which are allocated to the Agency (the “Housing Tax Revenues”) shall be deposited into a low and moderate income housing fund (the “Housing Fund”), to be used by the Agency for purposes of increasing, improving and preserving the community’s supply of low and moderate income housing.

The Project Second Lien Bonds

Pursuant to the Trust Agreement, the Agency has pledged the Project Second Lien Tax Revenues (defined below) and all money in the funds or accounts so specified and provided for in the Trust Agreement, whether held by the Agency or the Trustee (except any funds set aside for payment of the rebate amount pursuant to the Code), to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Project Second Lien Bonds. The Project Second Lien Tax Revenues and such other money will not be used for any other purpose while any of such Project Second Lien Bonds remain Outstanding, subject to the provisions of all Senior Debt Instruments (defined below) and subject to the provisions of the Trust Agreement permitting application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement. Such pledge shall constitute a first lien on the Project Second Lien Tax Revenues and such other money for the payment of the Project Second Lien Bonds in accordance with the terms thereof.

“Project Second Lien Tax Revenues” means, for each Bond Year, with respect to the Project Second Lien Bonds, Project Tax Revenues (defined below) excluding (i) an amount equal to the sum of all transfers of and payments from Project Tax Revenues required by any resolution, loan agreement, indenture, trust agreement or other instrument authorizing any Senior Obligations or any other obligations issued or incurred on a parity with the Senior Obligations (collectively, the “Senior Debt Instruments”), (ii) an amount historically deducted by the County of Los Angeles from Tax Revenues prior to remittance of Tax Revenues to the Agency (or for the benefit of the Agency), which amount is approximately equivalent to the portion of Tax Revenues attributable to the inflation factor increase calculated in accordance with paragraph (a)(2) of Section 33676 of the Law prior to its amendment in 1984 by AB 203, Chapter 147, Statutes of 1984, (iii) amounts payable to a taxing entity pursuant to Section 33607.5 or 33607.7 of the California Health and Safety Code, (iv) amounts allocable to the various taxing entities under Tax Sharing Agreements, except to the extent that any portion of such amounts is subordinated pursuant to the Tax Sharing Agreements, (v) amounts required to be deposited by the Agency in the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.2 or 33334.6 of the Law, and (vi) state subventions, if any, received by the Agency pursuant to Section 16110 et seq. of the California Government Code.

The Master Trust Agreement defines "Tax Revenues" to mean that portion of taxes levied (including all payments, reimbursements and subventions paid by the State, if any, specifically attributable to *ad valorem* taxes lost by reason of business inventory tax or other exemptions and tax rate limitations) upon taxable property in the Project Area (including unitary taxes) that is allocated to and paid into a special fund of the Agency pursuant to Article 6 of Chapter 6 of the Law, Section 16 of Article XVI of the Constitution of the State and the Redevelopment Plan, subject to the Tax Increment Limitation (as described below), but excluding payments, if any, made to the County as an administrative fee pursuant to SB 2557 (as described below). Tax Revenues less the Housing Tax Revenues is referred to herein as the "Project Tax Revenues."

Notwithstanding the foregoing, in any Bond Year, if the amount of Project Second Lien Tax Revenues transferred to the Trustee is sufficient to (i) pay the principal and interest coming due in such Bond Year on the Project Second Lien Bonds or any other Project Parity Second Lien Bonds then Outstanding and (ii) if necessary, bring the balance in the reserve fund(s) for the Project Parity Second Lien Bonds to the applicable Reserve Fund Requirement, then Project Tax Revenues received by (or on behalf of) the Agency thereafter during such Bond Year shall no longer be "Project Second Lien Tax Revenues" for the purposes of the Project Second Lien Bonds.

To the extent any portion of Project Tax Revenues received by the Trustee do not constitute Project Second Lien Tax Revenues at the time of receipt thereof by the Trustee, the Trustee promptly shall transfer such portion of Project Tax Revenues not constituting Project Second Lien Tax Revenues to the Agency (after payment of any outstanding fees and expenses due to the Trustee for the Trustee's services hereunder) for use by the Agency for any lawful purpose.

Except for the Project Second Lien Tax Revenues and the amounts held in certain funds and accounts created pursuant to the Trust Agreement, no funds or properties of the Agency are pledged to, or otherwise liable for, the Project Second Lien Bonds.

Reserve Accounts. In order to further secure the payment of principal of and interest on the Project Second Lien Bonds, pursuant to the Trust Agreement, the Trustee is required to set aside and deposit into the applicable account of the Compton Redevelopment Project Tax Allocation Bonds Project Second Lien Reserve Fund (the "Project Second Lien Reserve Fund") such amount of money sufficient to maintain the Reserve Fund Requirement for each Series of Project Second Lien Bonds. With respect to a Series of Project Second Lien Bonds, the "Reserve Fund Requirement" means the least of (i) Maximum Annual Debt Service on the Outstanding Bonds of such Series, (ii) 125% of the average Annual Debt Service on the Outstanding Bonds of such Series, and (iii) 10% of the original principal amount, upon issuance, of the Outstanding Bonds of such Series.

Upon the issuance of the Project Second Lien Bonds, the Agency will deposit, or cause to be deposited, approximately $__________ in the Series 2010B Account of the Project Second Lien Reserve Fund, and $__________ in the Series 2010C Account of the Project Second Lien Reserve Fund.

Moneys held in the Project Second Lien Reserve Fund shall be used for the purpose of paying principal, Accreted Value (if any), and interest on the Project Second Lien Bonds if the amounts in the accounts shall on any date be insufficient to pay in full the interest and/or principal due on the Project Second Lien Bonds and any Outstanding Project Parity Second Lien Bonds on such date. The Trustee shall use all available cash in the Project Second Lien Reserve Fund prior to drawing upon any Reserve Fund Insurance Policy deposited therein. At least annually, prior to August 1, the Trustee shall determine the market value of the Project Second Lien Reserve Fund. A Reserve Fund Insurance Policy deposited with the Trustee shall be valued as equal to the face amount of stated amount of such policy. If, on any evaluation of the Project Second Lien Reserve Fund, the value of the Project Second Lien Reserve Fund shall exceed the Reserve Fund requirement for the Project Second Lien Bonds and any Project Parity Second Lien Bonds, such excess shall be withdrawn and transferred to the Agency to be used for any lawful purpose. In addition, at such time as the Project Second Lien Bonds or any Series of Project Parity Second Lien Bonds is paid in full, or deemed to have been paid in full, the Trustee shall value the Project Second Lien Reserve Fund, and if the amount on deposit in the Project Second Lien Reserve Fund after such Project Second Lien Bonds or any Series of Project Parity Second Lien Bonds is paid in full, or deemed to have been paid in full, exceeds the Reserve Fund Requirement for the then Outstanding Project Second Lien Bonds or Project Parity Second Lien Bonds, such excess shall be withdrawn and transferred to the Agency to be used for any lawful purpose. If on valuation of the Project Second Lien Reserve Fund, the value is less than the applicable Reserve Fund Requirement, deposits shall be made into the Project Second Lien Reserve Fund from and to the extent of Project Tax Revenues as provided in the Trust Agreement until the Reserve Fund Requirement for the Project Second Lien Reserve Fund is restored.

No Existing Project Parity Second Lien Bonds. There are no outstanding bonds secured by the Project Second Lien Tax Revenues.

The Housing Second Lien Bonds

Pursuant to the Trust Agreement, the Agency has pledged the Housing Second Lien Tax Revenues and all money in the funds or accounts so specified and provided for in the Trust Agreement, whether held by the Agency or the Trustee (except any funds set aside for payment of the rebate amount pursuant to the Code), are irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Housing Second Lien Bonds. The Housing Second Lien Tax Revenues and such other money will not be used for any other purpose while any of such Housing Second Lien Bonds remain Outstanding, subject to the provisions of all Senior Debt Instruments and subject to the provisions of the Trust Agreement permitting application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement. Such pledge shall constitute a first lien on the Housing Second Lien Tax Revenues in accordance with the terms thereof.

"Housing Second Lien Tax Revenues" means, for each Bond Year, all Housing Tax Revenues received by the Agency for such Bond Year, excluding an amount equal to the sum of all transfers of and payments from Housing Tax Revenues required by any Senior Debt Instrument.

The Master Trust Agreement defines "Housing Tax Revenues" to mean the twenty percent (20%) of Tax Revenues which are required to be deposited in the Housing Fund pursuant to Sections 33334.2, 33334.3, 33334.6, and 33487 of the Redevelopment Law and which shall remain twenty percent (20%) of such Tax Revenues for purposes of the Trust Agreement whether or not such statutes are amended.

Notwithstanding the foregoing, in any Bond Year, if the amount of Housing Second Lien Tax Revenues transferred to the Trustee is sufficient to (i) pay the principal and interest coming due in such Bond Year on the Housing Second Lien Bonds or any other Housing Parity Second Lien Bonds then Outstanding and (ii) if necessary, bring the balance in the reserve fund(s) for the Housing Parity Second Lien Bonds to the applicable Reserve Fund Requirement, then Housing Tax Revenues received by (or on behalf of) the Agency thereafter during such Bond Year shall no longer be "Housing Second Lien Tax Revenues" for the purposes of the Housing Second Lien Bonds.

To the extent any portion of Housing Tax Revenues received by the Trustee do not constitute Housing Second Lien Revenues at the time of receipt thereof by the Trustee, the Trustee promptly shall transfer such portion of Housing Tax Revenues not constituting Housing Second Lien Revenues to the

Agency (after payment of any outstanding fees and expenses due to the Trustee for the Trustee's services hereunder) for use by the Agency for any lawful purpose.

Except for the Housing Second Lien Tax Revenues and the amounts held in certain funds and accounts created pursuant to the Trust Agreement, no funds or properties of the Agency are pledged to, or otherwise liable for, the Housing Second Lien Bonds.

Reserve Account. In order to further secure the payment of principal of and interest on the Housing Second Lien Bonds, pursuant to the Trust Agreement, the Trustee is required to set aside and deposit into the Series 2010A Account of the Compton Redevelopment Project Tax Allocation Bonds Housing Second Lien Reserve Fund (the "Housing Second Lien Reserve Fund") such amount of money sufficient to maintain the Reserve Fund Requirement for such Series of Housing Second Lien Bonds. With respect to a Series of Housing Second Lien Bonds, the "Reserve Fund Requirement" means the least of (i) Maximum Annual Debt Service on the Outstanding Bonds of such Series, (ii) 125% of the average Annual Debt Service on the Outstanding Bonds of such Series, and (iii) 10% of the original principal amount, upon issuance, on the Outstanding Bonds of such Series.

Upon the issuance of the Housing Second Lien Bonds, the Agency will deposit, or cause to be deposited, approximately $__________ in the Series 2010A Account of the Housing Second Lien Reserve Fund.

Moneys held in the Housing Second Lien Reserve Fund shall be used for the purpose of paying principal, Accreted Value (if any), and interest on the Housing Second Lien Bonds if the amounts in the accounts shall on any date be insufficient to pay in full the interest and/or principal due on the Housing Second Lien Bonds and any Outstanding Housing Parity Second Lien Bonds on such date. The Trustee shall use all available cash in the Housing Second Lien Reserve Fund prior to drawing upon any Reserve Fund Insurance Policy deposited therein. At least annually, prior to August 1, the Trustee shall determine the market value of the Housing Second Lien Reserve Fund. A Reserve Fund Insurance Policy deposited with the Trustee shall be valued as equal to the face amount of stated amount of such policy. If, on any evaluation of the Housing Second Lien Reserve Fund, the value of the Housing Second Lien Reserve Fund shall exceed the Reserve Fund requirement for the Housing Second Lien Bonds and any Housing Parity Second Lien Bonds, such excess shall be withdrawn and transferred to the Agency to be used for any lawful purpose. In addition, at such time as the Housing Second Lien Bonds or any Series of Housing Parity Second Lien Bonds is paid in full, or deemed to have been paid in full, the Trustee shall value the Housing Second Lien Reserve Fund, and if the amount on deposit in the Housing Second Lien Reserve Fund after such Housing Second Lien Bonds or any Series of Housing Parity Second Lien Bonds is paid in full, or deemed to have been paid in full, exceeds the Reserve Fund Requirement for the then Outstanding Housing Second Lien Bonds or Housing Parity Second Lien Bonds, such excess shall be withdrawn and transferred to the Agency to be used for any lawful purpose. If on valuation of the Housing Second Lien Reserve Fund, the value is less than the applicable Reserve Fund Requirement, deposits shall be made into the Housing Second Lien Reserve Fund from and to the extent of Housing Tax Revenues as provided in the Trust Agreement until the Reserve Fund Requirement for the Housing Second Lien Reserve Fund is restored.

No Existing Housing Parity Second Lien Bonds. There are no outstanding bonds secured by the Housing Second Lien Tax Revenues.

Issuance of Additional Second Lien Bonds

Pursuant to the Trust Agreement, the Agency has covenanted that it will not issue any additional bonds secured by a first lien on Tax Revenues on a parity with the Senior Obligations.

Pursuant to the Trust Agreement, the Agency may issue additional Second Lien Bonds that are payable from Project Tax Revenues or Housing Tax Revenues and secured by a lien and charge upon the Project Tax Revenues or Housing Tax Revenues equal to and on a parity with the lien and charge securing the Project Second Lien Bonds or Housing Second Lien Bonds, but only subject to the following specific conditions precedent to the issuance of such additional Second Lien Bonds.

Pursuant to the Trust Agreement, prior to issuing any additional obligations of any priority, there shall first be delivered to the Trustee and any insurer the following:

(i) a certificate executed by an Authorized Agency Representative stating that no Event of Default under the Trust Agreement has occurred and is then continuing; and

(ii) a report from an Independent Accountant or Independent Redevelopment Consultant showing, as applicable:

> (a) with respect to any Project Parity Second Lien Bonds, that the Project Tax Revenues to be collected in the then current Bond Year (including unitary tax revenues, using the then most recently established assessed value for the Redevelopment Project Area, an assumed basic tax rate of one percent plus any applicable tax overrides that the Agency reasonably expects to continue to receive for the years that such Project Parity Second Lien Bonds are scheduled to remain Outstanding, and assuming assessment appeals then currently on file are settled at the average rate for which such appeals were settled in the then most recently concluded two Fiscal Years, and further assuming tax delinquencies at a rate equal to the average tax delinquencies of the most recently concluded two Fiscal Years but excluding any subvention payments made by the State) will be at least equal to 150% of Maximum Annual Debt Service for all Project Parity Bonds and Project Parity Second Lien Bonds which will be Outstanding immediately after the issuance of the proposed Project Parity Second Lien Bonds, and
>
> (b) with respect to any Housing Parity Second Lien Bonds, that the Housing Tax Revenues to be collected in the then current Bond Year (including unitary tax revenues, using the then most recently established assessed value for the Redevelopment Project Area, an assumed basic tax rate of one percent plus any applicable tax overrides that the Agency reasonably expects to continue to receive for the years that such Housing Parity Second Lien Bonds are scheduled to remain Outstanding, and assuming assessment appeals then currently on file are settled at the average rate for which such appeals were settled in the then most recently concluded two Fiscal Years, and further assuming tax delinquencies at a rate equal to the average tax delinquencies of the most recently concluded two Fiscal Years but excluding any subvention payments made by the State) will be at least equal to 150% of Maximum Annual Debt Service for all Housing Parity Bonds and Housing Parity Second Lien Bonds which will be Outstanding immediately after the issuance of the proposed Housing Parity Second Lien Bonds.

The certificate described above will not be required if the Bonds being issued are for the purpose of refunding then Outstanding Bonds and there is delivered to the Trustee and all Insurers of Outstanding Bonds instead, a certificate of the Authorized Agency Representative showing that Maximum Annual Debt Service on all Outstanding Bonds payable from Housing Tax Revenues and/or Project Tax Revenues (as applicable) after the issuance of the refunding Series of Bonds will not exceed Maximum Annual Debt Service on all Outstanding Bonds payable from such Tax Revenues prior to the issuance of such Series of Bonds.

Notwithstanding any of the foregoing, the Agency may from time to time issue bonds or other debt secured by a pledge and lien of any portion of the Tax Revenues on subordinate basis to Second Lien

Bonds (the "Subordinate Debt"), so long as (i) the indenture, loan agreement or similar instrument pursuant to which such Subordinate Debt is issued shall expressly state that the pledge and lien of Tax Revenues with respect to such Subordinate Debt are subordinate to the pledge and lien of Tax Revenues with respect to the Second Lien Bonds, and (ii) prior to the issuance of such Subordinate Debt, the Agency shall have delivered to the Trustee and the Insurer(s) a report from an Independent Redevelopment Consultant showing that, for each Fiscal Year so long as the Second Lien Bonds shall remain Outstanding, the amount of the portion of Tax Revenues pledged to pay debt service on the Second Lien Bonds and Subordinate Debt shall be sufficient to pay 100 percent of the combined Maximum Annual Debt Service on the outstanding Second Lien Bonds and the Subordinate Debt.

Tax Sharing Agreements

The Agency has entered into Tax Sharing Agreements that provide for payments to the County, the School District, and the College District from Tax Revenues generated from Area A-1 of the Project Area. The Agency's obligations under the Tax Sharing Agreements are expressly subordinate to the Agency's obligation to pay debt service on the Bonds and the Senior Obligations. The Agency is no longer authorized by the Redevelopment Law to enter into any additional tax sharing agreements. For additional information on the Tax Sharing Agreements, see APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

As discussed under "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Elections Under Health and Safety Code Section 33676(a)(2)," the County has annually deducted amounts from the revenues generated in the 1980 annex sub-area of the Walnut Industrial Park Project Area (the "1980 Annex"). Section 33401 of the Redevelopment Law no longer exists; however the section formerly provided for the creation of tax sharing agreements between redevelopment agencies and taxing entities affected by the adoption of redevelopment projects to mitigate the impact of sharing tax revenues. The Agency agreements discussed above were entered into pursuant to the provisions of Section 33401.

School District and College District Agreements. The Agency's agreements with the School District and the College District were executed in 1993 and initially contained identical provisions as to the determination of payments to be made to the two Districts. Pursuant to the agreements, each District is to receive its share of taxes annually based on a formula described therein. These amounts due to each District were to be held by the Agency and, along with any investment earnings thereon, be expended on "mutually beneficial projects." As of June 30, 2009, the amount of Tax Revenues that have not been spent on "mutually beneficial projects," and which may be payable to the School District, was $1,676,476. [**IS THIS AMOUNT ESCROWED?]** See Note 7 of the Agency's Audited Financial Statements for Fiscal Year 2008-09 in APPENDIX C

The agreement with the College District was amended on _______ to provide that the Agency will annually pay amounts due directly to the College District instead of being held by the Agency.

The Agency has acknowledged that is has failed to make any payments to the School District pursuant to the School District Tax Sharing Agreement. The Agency received a letter from the School District requesting the Agency to immediately remit $1,234,213 (representing non-payment for Fiscal Year 2005-06 through Fiscal Year 2008-09) to the School District and all other amounts due for all fiscal years subsequent to Fiscal Year 2005-06 as required under the School District Tax Sharing Agreement. The School District claims that the past due payments are not subordinate to the Agency's obligation to pay debt service on the Bonds and that only future payments (i.e., payments due after the issuance of the Bonds) due under the Tax Sharing Agreement are subordinate to the Agency's obligation to pay debt service on the Bonds. The Agency has not determined the accuracy of the amount requested by the

School District for Fiscal Year 2005-6 through Fiscal Year 2008-09 nor has it determined the amount due for all fiscal years prior to Fiscal Year 2005-06 (since Fiscal Year 1994-1995). The Agency's financial consultants have estimated that the amount owed to the School District for Fiscal Years 2005-06 through 2008-09 and for all fiscal years prior to Fiscal Year 2005-06 is $___________. The Agency expects to use a portion of the proceeds from the 2010C Bonds to repay the School District for Fiscal Year 2005-06 through Fiscal Year 2008-09. Such proceeds will be deposited into an escrow account held by a third party trustee for such purposes. **[DISCUSS IF BOND PROCEEDS WILL BE DEPOSITED INTO THE ESCROW FUND CREATED IN THE ESCROW AGREEMENT AND CONDITIONS FOR RELEASE]**

The Agency believes that it has made all payments due to the College District under the College District Tax Sharing Agreement. **[CONFIRM]**

Each of the School District and College District are to be notified if the Agency expects to issue long-term debt and the Agency is required to certify that such debt can be repaid "without demand being made on the payments due under the agreements." The Districts were notified in writing of the pending issuance of the Bonds in March 2010.

County Tax Sharing Agreement. Pursuant to the Agreement for Cooperation, dated as of June 9, 1992, by and between the County and the Agency with respect to the Project Area (the "County Tax Sharing Agreement"), the Agency is obligated to make payments to the County based on the amount of Tax Revenue generated in the area added by the 1991 amendment (the "Amendment Area"). Pursuant to the County Tax Sharing Agreement, the County agreed to defer payments due to the County (the "Deferral Amount") subject to certain conditions. The Deferral Amount is considered to be a loan by the County to the Agency and the Agency is required to use the Deferral Amount for its redevelopment activities in the Project Area. The Deferral Amount accrues interest at 7% per annum.

Pursuant to the provisions of the County Tax Sharing Agreement, repayment of the Deferral Amount is subordinate to the Agency's obligation to pay debt service on the Bonds and the Senior Obligations. The County Tax Sharing Agreement further provides that the Agency agrees to "responsibly incur debt with the consideration for the full repayment" of the Deferral Amount by the fortieth year following the amendment of the redevelopment plan. According to the County, the Deferral Amount outstanding as of the end of Fiscal Year 2008-09, including accrued interest, was approximately $20.6 million.

Pursuant to Resolution ___, adopted by the Agency on April 20, 2010, the Agency approved a plan to repay the Deferral Amount owed to the County in order to fulfill its obligations under the County Tax Sharing Agreement to responsibly incur debt and fully repay the Deferral Amount with interest, by end of calendar year 2031. In the opinion of Agency counsel, the repayment plan is consistent with the Agency's obligation under the County Tax Sharing Agreement.

Assembly Bill 1290 Pass-Through Payments

As discussed under "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Assembly Bill 1290 and Senate Bill 211" below, the Agency is obligated to make statutory pass-through payments to certain affected taxing agencies. The Agency will not seek subordination of statutory pass-through payments under Assembly Bill 1290 ("AB 1290"). Thus, payment on Bonds and Senior Obligations are subordinate to such pass-through payments. For additional information on AB 1290 and the pass-through payments, see "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Assembly Bill 1290 and Senate Bill 211" and

APPENDIX A – "REPORT OF THE FISCAL CONSULTANT." The Fiscal Consultant has confirmed that the Agency has made all such payments to date.

[BOND INSURANCE]

[Bond Insurer] has supplied the following information for inclusion in this Official Statement. No representation is made by the Agency or the Underwriter as to the accuracy or completeness of this information.

[TO COME]

RISK FACTORS

This section describes certain additional 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 presentation 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 will not become material in the future.

Pledged Tax Revenues

Tax Revenues allocated to the Agency are determined in part by the amount by which the assessed valuation of property in the Project Area exceeds the base year assessed valuation for such property, as well as by the current rate at which property in the Project Area is taxed. Assessed valuation of taxable property within the Project Area may be reduced by economic factors beyond the control of the Agency (see "Assessment Appeals and Reductions to Assessed Values" below), such as: (i) a relocation out of the Project Area by one or more major property owners; (ii) the transfer, pursuant to the State Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Area by a person displaced by eminent domain or similar proceedings; (iii) the transfer of property in a Project Area to a governmental or other property tax-exempt entity; and (iv) further reductions in assessed value by the Assessor (defined below) pursuant to Proposition 8 (defined below), or as a result of substantial damage, destruction or condemnation of such property. Further, assessed valuation and/or tax rates can be reduced as a result of actions of the State Legislature or electorate. Such a reduction of assessed valuations or tax rates could result in a reduction of the Tax Revenues that secure the Bonds, which in turn could impair the ability of the Agency to make payments of principal and/or interest on the Bonds when due.

In addition, substantial delinquencies in the payment of property taxes to the County or assessment appeals of such property taxes by the owners of taxable property within the Project Area could have an adverse effect on the ability of the Agency to make payments of principal and/or interest on the Bonds when due. See "Assessment Appeals and Reductions to Assessed Values" below.

Both Article XIIIA and Article XIIIB of the California Constitution, which significantly affected the rate of property taxation and the expenditure of tax proceeds, were adopted pursuant to the State's constitutional initiative process. From time to time, other initiative measures could be adopted by State voters. The adoption of any such initiative might place limitations on the ability of public entities to increase revenues or to increase appropriations. For a further description of Article XIIIA and Article XIIIB of the State's Constitution, see "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Property Tax Limitations: Article XIIIA of the State Constitution," and "—Appropriations Limitations: Article XIIIB of the State Constitution."

In order to estimate the Tax Revenues available to pay debt service on the Bonds, the Agency has made certain assumptions with regard to the availability of Tax Revenues. The Agency believes these assumptions to be reasonable, but to the extent Tax Revenues are less than anticipated, the Tax Revenues available to pay debt service on the Bonds may be less than those projected herein. See "TAX REVENUES AND ANNUAL DEBT SERVICE FOR THE BONDS" and APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

Assessment Appeals and Reductions to Assessed Values

Proposition 8 Appeals. Appeals may be based on ***Proposition*** 8 (the 1978 voter approved amendment to Article XIIIA of the State Constitution), which requires that, for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA 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. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Property Tax Limitations: Article XIIIA of the State Constitution."

Pursuant to State law, a property owner may apply for a reduction of the property tax assessment for such owner's property 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. In most cases, the appeal is filed because the applicant believes that the present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the Los Angeles County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of the application by the County Assessor's Office (the "Assessor"), the Assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well.

These reductions are subject to yearly reappraisals and are adjusted back to their original values when market conditions improve. 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 XIIIA. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Property Tax Limitations: Article XIIIA of the State Constitution."

Recently Resolved Appeals and Pending Assessment Appeals. The Fiscal Consultant has conducted a review of recently resolved and pending assessment appeals filed with the County in the Project Area in order to determine potential impact on current and future Project Area value and Tax Revenues. The Fiscal Consultant's analysis of currently pending and recently resolved assessment appeals in the Project Area disclosed seventeen appeals that have recently been resolved, resulting in valuation reductions totaling $14.6 million and a collection of appeals pending hearing before the Appeals Board that could result in reductions to Project Area value of an estimated $21.1 million.

The following table summarizes recently resolved assessment appeals for the Project Area. The valuation reductions shown below represent the changes that are assumed to occur in the Fiscal Year 2009-10 roll value of the property.

Resolved Assessment Appeals

Assessee	2009-10 Value Reduction	Estimated Refunds
Secured		
Los Angeles Industrial Park, LLC	$ 4,845,000	$ 48,000
Walnut Industrial Park, LLC	5,204,000	48,000
AMB Property LP	1,728,000	13,000
Christy Holdings LLC	768,000	8,000
909 S Central Ave LLC	807,000	7,000
McKinely M. Exum, M.D.	401,000	9,000
FTI Properties LLC	253,000	2,000
10 Other Under $600,000 Initial Value	636,000	12,000
Unsecured		
None	N/A	0
Estimated 2009/10 Impact	**$14,642,000**	**$147,000**

Source: Fiscal Consultant Report.

Such resolved assessment appeals will result in an estimated net refund due the taxpayers of $147,000. The Fiscal Consultant assumed that there will be a corresponding reduction of $147,000 in tax increment disbursements for the Project Area in Fiscal Year 2009-10. The impacts of the reduction of Project Area value and the refund of taxes that will result from the recently resolved assessment appeals are also discussed in "TAX REVENUES AND ANNUAL DEBT SERVICE FOR THE BONDS" herein.

The following table summarizes several pending assessment appeals in the Project Area. The amounts shown under the caption "Estimated 2009-10 Value Reduction" represent the potential assessed value decline which could be experienced if the appeals are resolved in favor of the taxpayers. The Fiscal Consultant assumed that pending appeals will be reduced by 25.7% of assessed value, based on the historical reductions resulting from successful appeals in the Project Area since 2004.

Pending Assessment Appeals

Assessee	Estimated 2009-10 Value Reduction	Estimated Refunds
Secured		
PRI Dominguez Hills IND CA, LLC	$ 9,889,000	$ 97,000
Prologis Exchange CA, LLC	4,794,000	47,000
Lionel & Nirmala Perera	1,778,096	17,000
310 Carob Street LLC	1,439,000	14,000
Sean Dayani	1,044,000	-
17 Other Under $2.0 Million Initial Value	2,149,000	21,000
Unsecured		
C-Native Exchange I, LLC	N/A	12,000
Elite Optical Group (A Corp)	N/A	7,000
Uniscoat Inc. DBA Clearsight	N/A	5,000
Cho Ja Kwon	N/A	1,000
Estimated 2009/10 Impact	**$21,093,096**	**$221,000**

Source: Fiscal Consultant Report.

The total refunds associated with pending assessment appeals is estimated at $221,000. This estimate reflects an approximation of the total refund for Fiscal Year 2009-10 and prior Fiscal Years due to the taxpayers if the tax appeals resulted in the valuation reductions shown above. These appeals are still pending; therefore, the impact of the appeals will be experienced in the Fiscal Year(s) when the appeal is resolved, assumed to be Fiscal Year 2009-10 in the Fiscal Consultant's analysis. Estimates of the impacts resulting if the pending assessment appeals are resolved in favor of taxpayers are included in the projection of tax increment revenue discussed in "TAX REVENUES AND ANNUAL DEBT SERVICE FOR THE BONDS" herein.

For more information concerning appeals to assessed values and reductions in assessed value in the Project Area, see APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

Base Year Valuation Appeals. A second type of assessment appeal involves a challenge to the base year value of an assessed property. 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.

Other Reductions in Assessed Valuation. The Assessor may also initiate Proposition 8 reductions in assessed value, independent of any individual property owner's appeal. Further Proposition 8 reductions for properties in the Project Area could cause a reduction in tax increment revenues received by the Agency from the Project Area. Such a reduction in tax increment revenues could have an adverse effect on the ability of the Agency to pay debt service on the Bonds.

No assurance can be given that property tax appeals or other reductions in the future will not significantly affect the assessed valuation of property within the Project Area.

Weakening of Housing Market; Potential Effect on Assessed Valuation

There has been a significant slowdown in the County's housing market, as in many parts of the State and the nation. Reductions in assessed values for properties in the Project Area could cause a reduction in Tax Revenues received the Agency from the Project Area. See "Assessment Appeals and Reductions to Assessed Values" above for a discussion of reductions in assessed values of properties in the Project Area. Approximately 16.5% of property within the Project Area is residential.

Development within the Project Area may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the Project Area could be adversely affected by future governmental policies, including policies that restrict or control development. If any future development in the Project Area is delayed or halted, the economy of the Project Area could be affected, potentially causing a reduction of the Tax Revenues available to repay the Bonds.

Economic Risks

The Agency's ability to make payments on the Bonds is partially dependent upon the economic strength of the Project Area. If there is a decline in the general economy of the Project Area, or disruption of the national, State or local economy in general, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes or petition to reduce assessed valuation causing a delay or reduction in Tax Revenues received by the Agency from the Project Area. In the event of reductions to assessed values, Tax Revenues may decline even if property owners make timely payment of taxes. Future activities could adversely impact the property in or values of the Project Area and, in turn, could adversely impact the Tax Revenues available to pay the Bonds.

The Agency cannot predict the impact or duration of a weakening economy on the property values in the Project Area, but a persistently weak economy could have a prolonged negative effect on overall real estate valuations in the Project Area. An extensive downturn in the economy would likely result in significantly lowered real estate valuations, increased delinquencies in property tax collections, lessened development of property in the Project Area and a reduction in redevelopment opportunities for the Agency in the Project Area.

Concentration of Ownership

The cumulative taxable value of the ten major assessees represents 29.95% of the total taxable value of the Project Area and 37.25% of the 2009-10 incremental value of the Project Area. The timely payment of the Bonds depends upon the willingness and ability of those assessees to pay property taxes with respect to their property when due. There can be no assurance that the concentration of ownership will not adversely impact the Tax Revenues available to pay the Bonds. See "TAX REVENUES AND ANNUAL DEBT SERVICE FOR THE BONDS – Assessed Valuations" herein.

Direct and Overlapping Indebtedness

The ability of land owners within the Project Area to pay property tax installments as they come due could be affected by the existence of other taxes and assessments, imposed upon the land. In addition, other public agencies whose boundaries overlap those of the Project Area, without consent of the Agency, and in certain cases without the consent of the owners of the land within the Project Area, could impose additional taxes or assessment liens on the property to finance public improvements. See "Bankruptcy and Foreclosure" below.

Bankruptcy and Foreclosure

The payment of the Tax Revenues and the ability of the Agency to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent tax installments not being paid in full.

City Charter-Authorized Levy

In 1947, the voters of the City passed a ballot initiative authorizing the City to levy an *ad valorem* property tax for purposes of funding a pension program for certain City employees (the "Charter-Authorized Levy"). At the time this ballot initiative was passed, the maximum override tax rate that could be levied in any Fiscal Year was established as $1.00 per $100.00 of assessed value. On an annual basis, by resolution of the City Council, the City sets the override tax rate for the coming Fiscal Year based on the estimated dollar amount necessary to fund the then current Fiscal Year's pension and other benefits costs. Historically, the override tax rate has varied based on the requirements of the City's pension fund system. Since Fiscal Year 1992-93 the tax rate levied by the City has been the $0.451632 per $100.00 of assessed value.

Properties within the Project Area are taxed inclusive of the Charter-Authorized Levy and such tax revenues flow to the Agency in the form of tax increment revenue. The Agency does not directly control whether the electorate in future years will vote to reduce or rescind the override tax and cannot provide assurances that the Charter-Authorized Levy will not change in the future. THE OVERRIDE TAX RATE IS SET BY THE CITY. THERE IS NO ASSURANCE THAT THE CHARTER-AUTHORIZED LEVY WILL CONTINUE AT SUCH LEVELS IN THE FUTURE. IN ADDITION, THE OVERRIDE TAX MAY BE REDUCED OR RESCINDED BY THE ELECTORATE. IN THE EVENT THE CITY OR THE ELECTORATE DISCONTINUES ITS PENSION PROGRAM OR SIGNIFICANTLY LOWERS THE CHARTER-AUTHORIZED LEVY, TAX INCREMENT AVAILABLE TO THE AGENCY FOR DEBT SERVICE ON THE BONDS MAY BE ADVERSELY AFFECTED. For purposes of the projections of tax increment shown below (see Table 4 herein), it is assumed that the City will continue to levy an override tax rate of $0.451632 per $100.00 of assessed value for the duration of the life of the Project Area.

Parity Debt

Although the Agency has covenanted not to issue any additional Senior Obligations, the Agency may, subject to certain conditions, issue or incur obligations payable from Tax Revenues on a parity with the Project Second Lien Bonds and the Housing Second Lien Bonds, as described in "SECURITY FOR 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.

The State Budget and the Educational Revenue Augmentation Fund

In connection with its approval of the State Budget for Fiscal Years 1992-93, 1993-94 and 1994-95, 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"). The amount required to be paid by a redevelopment agency under such legislation was apportioned among all of its redevelopment project areas on a collective basis, and was not allocated separately to individual project areas.

Faced with a projected $23.6 billion budget deficit for Fiscal Year 2002-03, the State Legislature enacted Assembly Bill 1768 requiring redevelopment agencies to pay an aggregate amount of $75 million into ERAF for Fiscal Year 2002-03. For Fiscal Year 2003-04, the State Legislature adopted Senate Bill1045 requiring redevelopment agencies to make ERAF transfers to school districts in the aggregate amount of $135 million. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" below.

Due to continuing State Budget deficits, the State Legislature enacted Senate Bill 1096 requiring ERAF shifts of $250 million for Fiscal Years 2004-05 and 2005-06. As with prior ERAF shifts, the legislation required half of the shift to be calculated on the basis of the gross tax increment of a project area and the other half of the shift to be calculated on the basis of net revenues after tax sharing payments. Senate Bill 1096 ("SB 1096") provides that the Agency's ERAF payment obligations under SB 1096 are subordinate to the payment of debt service on the Bonds.

In connection with the ERAF payments by redevelopment agencies, (i) Senate Bill 1045 ("SB 1045") allowed a redevelopment agency to extend the effective date of its redevelopment plan and the date to receive incremental Tax Revenues by one year, and (ii) SB 1096 generally allows a redevelopment agency to extend the effective date of its redevelopment plan and the date to receive incremental Tax Revenues by two years if the legislative body finds the Agency in compliance with major housing requirements. Pursuant to Ordinance No. 2,202, Ordinance No. 2,203 and Ordinance No. 2,204 adopted by the City Council on December 22, 2009, i) all sub-areas of the Project Area were amended to include the one-year extension provided by SB 1045, and ii) all sub areas of the Project Area, except Area A-1, were amended to include the two-year extension afforded by SB 1096.

The State Budgets for Fiscal Years 2005-06, 2006-07 and 2007-08 were adopted without any further reallocation of funds. However, in connection with the State Budget for Fiscal Year 2008-09, the State required the Agency to make an ERAF payment of $1,697,718. The California Redevelopment Association (the "CRA") and two redevelopment agencies (together, the "Petitioners"), brought suit in Superior Court in Sacramento seeking to invalidate portions of the State legislation requiring the Fiscal Year 2008-09 ERAF payments from redevelopment agencies. On April 30, 2009, the Superior Court granted declaratory and injunctive relief to the Petitioners, invalidating and enjoining the operation of the legislation requiring the new ERAF payment. On May 7, 2009, the Superior Court entered a judgment enjoining the county auditor class in the case (including the County Auditor) from taking actions to carry out or enforce the ERAF payment for Fiscal Year 2008-09. Based on this judgment, the Agency is not required to make any ERAF payment for Fiscal Year 2008-09. While the State initially filed a notice of intent to appeal the ruling of the Superior Court, the State noticed its withdrawal of its appeal on September 28, 2009.

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On July 24, 2009, in connection with various legislation related to the State Budget for Fiscal Year 2009-10, Assembly Bill 26 (the "2009 ERAF Legislation") was enacted. The 2009 ERAF Legislation provides for supplemental ERAF payments (the "SERAF Payments") in the aggregate amount of $1.7 billion payable by redevelopment agencies by May 10, 2010 for Fiscal Year 2009-10 and SERAF Payments in the aggregate amount of $350 million payable by May 10, 2011 for Fiscal Year 2010-11.

Based upon information provided by the CRA, total SERAF Payments payable by the Agency pursuant to the 2009 ERAF Legislation will be approximately $8.23 million for Fiscal Year 2009-10 and $1.7 million for Fiscal Year 2010-11. Subsequent to the delivery of the Agency's Fiscal Year 2008-09 audit, the Agency determined to use proceeds from the sale of the Series 2010C Bonds to finance, to the extent necessary, the SERAF Payments required under the 2009 ERAF Legislation.

The 2009 ERAF Legislation allows for redevelopment agencies to borrow from their low and moderate income housing funds to make their mandated SERAF Payments, for their related legislative body to make the required SERAF Payments on their behalf, or for redevelopment agencies to participate in a pooled borrowing secured by a pledge of future tax increment revenues.

The 2009 ERAF Legislation imposes various restrictions on redevelopment agencies that fail to timely make the required SERAF Payments, including (i) a prohibition on adding or expanding project areas, (ii) a prohibition on the incurrence of additional debt, (iii) limitations on the expenditure of funds for operation and maintenance expenses, and, (iv) commencing with the July 1 following the due date of an annual SERAF Payment that is not timely made, a requirement that the applicable redevelopment agency allocate an additional five percent (5%) of all taxes that are allocated to the redevelopment agency under the Act for low and moderate income housing for the remainder of the time that the applicable redevelopment agency receives allocations of tax revenues under the Act. The five percent (5%) additional housing set-aside penalty provision referred to in the 2009 ERAF Legislation (the "Penalty Set-Aside Requirement") would be in addition to the twenty percent (20%) of such tax revenues already required to be used for low and moderate income housing purposes. A redevelopment agency that borrows from its housing set-aside funds to make required SERAF Payments but does not timely repay the funds by 2015 may also be subject to the Penalty Set-Aside Requirement.

While the 2009 ERAF Legislation contains provisions that subordinate the obligation of redevelopment agencies to make the SERAF Payments specified therein to certain indebtedness (which would include a subordination of the Agency's obligations with respect to the new SERAF Payments to the Agency's obligation to pay debt service on the Bonds), there is no provision in the 2009 ERAF Legislation subordinating the Penalty Set-Aside Requirement to any indebtedness of a redevelopment agency that fails to timely make the SERAF Payments mandated by the 2009 ERAF Legislation. With respect to the Project Area, the existing Redevelopment Plan requires the Agency to set-aside an amount equal to the Penalty Set-Aside in the low and moderate income housing fund, so in the event the Agency was required to pay the Penalty Set-Aside Requirement, it would not adversely impact current projected debt service coverage on the Bonds.

On October 20, 2009, the CRA, along with two local redevelopment agencies (together, the "Petitioners"), brought suit in Superior Court in Sacramento seeking to invalidate portions of the State legislation that required the SERAF payments from redevelopment agencies, challenging the constitutionality of the 2009 ERAF Legislation and seeking to prevent the State from taking redevelopment funds for non-redevelopment purposes. The case was heard on February 5, 2010 in Sacramento Superior Court. The Court rendered no decision and asked attorneys to prepare additional briefing material. Each side provided additional information and responded to the other's briefs on March 2, 2010. The judge took the case under submission and will have 90 days in which to rule. On March 30, 2010, the Petitioners filed a Notice of Motion and Motion to Retain the Status Quo seeking to stay and enjoin the county auditor class in the case (including the County Auditor) from taking actions to carry out or enforce the SERAF payment pending further order of the Court. A hearing date is set for April 23, 2010. [Update prior to printing] No assurance can be given that such court action will be successful.

Text of the State Budget may be found at the website of the Department of Finance, www.dof.ca.gov. An impartial analysis of the State Budget is posted by the Office of the Legislative Analyst (the "LAO") at www.lao.ca.gov. In addition, State official statements for its various debt obligations, 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. All of such websites are provided for general informational purposes only and the material on such sites is in no way incorporated into this Official Statement.

The current budget bill does not resolve the State's structural budget deficit. Additionally, litigation challenging certain revenue enhancements provided in the current budget has restricted realization of revenue, and could result in future State Budget deficits. On November 18, 2009, the LAO reported that it is currently projecting a deficit for the State budget of approximately $7 billion in the current fiscal year, and an additional deficit of approximately $14 billion for next fiscal year. It is anticipated that there will be additional future legislation to addresses this situation. Should such legislation be enacted, Tax Revenues available for payment of the Bonds may, in the future, be substantially reduced, and the Agency's ability to pay debt service on the Bonds may be impaired.

Local Government Initiative Borrowing. As part of the State Budget for Fiscal Year 2004-05, the Governor and the State Legislature placed Proposition 1A on the November 2004 ballot (the "Local Government Initiative"), which passed on November 2, 2004. The Local Government Initiative amended the State Constitution to, among other things, prohibit the shift of property tax revenues from cities, counties and special district except to address a "severe state financial hardship," and only then if (x) such amounts were agreed to be repaid with interest within three years, (y) the State had repaid any other borrowed amounts, and (z) such borrowing could not occur more often than twice in ten years. However, the Local Government Initiative does not specifically protect against reallocation of redevelopment agency funds to other uses within a corresponding city or county

Changes in the Law

There can be no assurance that the State electorate will not at some future time adopt initiatives or that the State Legislature will not enact legislation that will amend the Redevelopment Law or other laws or the State Constitution resulting in a reduction of Tax Revenues, which could have an adverse effect on the Agency's ability to pay debt service on the Bonds. If such initiative or legislation would impair the Agency's ability to make principal and interest payments on the Bonds, such initiative or legislation may be subject to legal challenge.

Levy and Collection of Property Taxes

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 repay 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.

The major component of the allocation procedures that impact the Agency's receipt of Tax Revenues from the Project Area is the County's current policy of allocating estimated tax increment revenues with offsets for taxable value adjustments, for refunds of taxes as a result of successful assessment appeals, for delinquencies, and for administrative charges.

Tax receipts for the Project Area were reviewed by the Fiscal Consultant in order to analyze collection trends. The Fiscal Consultant's review revealed the collection trends shown below for Fiscal Years 2005-06 through 2008-09 when compared to original levies. The effects on collection percentages of redemption payments received each year are also identified to indicate whether delinquencies in tax payments are being cured on a consistent basis.

PERCENTAGE COLLECTIONS

Fiscal Year	Current Year Collections	Collections Including Redemption Payments
2005-06	97.3%	101.4%
2006-07	95.2%	98.0%
2007-08	94.0%	97.2%
2008-09	95.8%	101.6%
Average Collections	95.58%	99.55%

Source: Fiscal Consultant Report.

The percentage collections shown above represent the revenues paid by taxpayers to the County, not necessarily the revenues realized by the Agency. In Fiscal Year 2005-06, the Agency did not receive all of the Tax Revenues generated in the Project because the indebtedness reported by the Agency as outstanding for the Project was less than the total of revenues generated. By law, the Agency may not be allocated more revenues than indebtedness outstanding. In all subsequent fiscal years the receipts of the Agency equaled the receipts realized by the County.

Reduction in Inflationary Rate

As described in greater detail below, Article XIIIA of the State 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 inflation rate, not to exceed a 2% 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 XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation five times: for Fiscal Year 1983-84, 1.01%; for Fiscal Year 1995-96, 1.0119%; for Fiscal Year 1996-97, 1.0111%; for Fiscal Year 1999-2000, 1.0185%; and for Fiscal Year 2004-05, 1.0186%. For purposes of the Fiscal Consultant Report, the Fiscal Consultant assumed that real property in the Project Area will grow at 2% annually; however, there can be no assurance that this will be the case. 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. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Property Tax Limitations: Article XIIIA of the State Constitution."

Natural Disasters; Seismic Risks

Natural disasters, including floods and earthquakes, could damage improvements and/or property in the Project Area, or impair the ability of landowners within the Project Area to develop their properties or to pay property taxes.

The Project Area, like most areas in the State, is located in a seismically active region. In January 1994, an earthquake of magnitude 6.8 on the Richter Scale occurred in nearby San Fernando Valley, which caused widespread damage to commercial and residential structures. A significant seismic event could cause substantial real property damage and have an adverse effect on assessed values and Tax Revenues within the Project Area. Such a reduction in the Tax Revenues could have an adverse effect on the Agency's ability to make timely payments of debt service on the Bonds.

Hazardous Substances

An 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 federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws but State laws with regard to hazardous substances are also stringent and similar. 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 and/or other amounts.

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.

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the Series 2010B Bonds and the Housing Second Lien Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2010B Bonds and the Housing Second Lien Bonds were issued as a result of future acts or omissions of the Agency in violation of its covenants contained in the Trust Agreement. Should such an event of taxability occur, the Series 2010B Bonds and the Housing Second Lien Bonds are not subject to special redemption or any increase in interest rate and may remain Outstanding until maturity.

In addition, future legislative proposals, if enacted into law, clarification of the Code, or court decisions, may cause interest on the Series 2010B Bonds and the Housing Second Lien Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Series 2010B Bonds and the Housing Second Lien Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

Agency Accounting Deficiencies

As part of its required annual audit procedures, Macias Gini & O'Connell LLP, the Agency's independent auditor (the "Auditor"), also conducted an audit of the Agency's internal financial controls and compliance with other matters, and issued a report thereon (the "Internal Control Audit"). This Internal Control Audit was filed on behalf of the Agency with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System (referred to as "EMMA").

In the Internal Control Audit, the Auditor identified certain deficiencies in internal controls over financial reporting, some of which it considers to be significant deficiencies. In the Internal Control Audit, the Auditor found the following significant deficiencies: (i) the Agency lacked proper documentation and procedures to justify the amount of other departmental salary expenses that were being charged to the Agency's funds, (ii) the Agency lacked personnel activity reports or equivalent documentation to support the amount of the Agency's personnel costs that were allocated to the Housing Fund, (iii) the Agency lacked documentation evidencing a determination that planning and administrative expenditures were necessary for the production, improvement, or preservation of low- and moderate-income housing, (iv) the Agency was in violation of Health & Safety Code Section 33334.16 in that no physical development on certain property, acquired by the Agency in 1997 with Housing funds, had begun within the required timeframe, and (iv) the Agency was not in compliance with Health & Safety Code Section 33080 in that certain required reports were not submitted within six months after the end of the Agency's fiscal year.

In order to address these deficiencies the Agency adopted Resolution No. 1,778 on March 16, 2010 and Resolution No.__ on April 20, 2010. Resolution No. 1,778 approves the Agency sale of certain property in order to comply with Health & Safety Code Section 33334.16. Resolution No. __ requires the Agency to take other specific actions, and appoints a committee to review all Agency management functions, specifically focusing on curing the deficiencies described above. The committee will meet at least quarterly to provide oversight over audit-related matters, including financial statements and reporting requirements and the Agency's system of internal controls over financial reporting. The oversight Committee shall develop additional policies and procedures as necessary, for adoption by the Agency Board, to help ensure the timely, accurate, and complete compliance with such requirements. Also, to the extent that any proceeds of any Agency bonds are unexpended, the committee will also provide quarterly reports as to the status of projects funded by bond proceeds. The Agency believes that it has addressed certain deficiencies which might otherwise have been cause for a State Controller audit and related sanctions.

LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS

Property Tax Limitations: Article XIIIA of the State Constitution

General. On June 6, 1978, California voters approved Proposition 13, which added Article XIIIA to the State Constitution ("Article XIIIA"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to October 1, 1978 and (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after October 1, 1978 by the voters voting on such indebtedness. Article XIIIA defines "full cash value" 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 increased from year to year by the lesser of the inflationary rate and 2%.

Article XIIIA also permits the reduction of the "full cash value" base in the event of declining property values caused by reduction in the consumer price index, 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 various other minor or technical ways.

The Agency has no power to levy and collect taxes. Any further reduction in the tax rate or the implementation of any constitutional or legislative property tax de-emphasis will reduce Tax Revenues, and, accordingly, would have an adverse impact on the ability of the Agency to pay debt service on the Bonds.

Implementing Legislation. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under Article XIIIA, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1978.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

In the general elections of 1986, 1988, 1990 and 2000, the voters of the State approved various measures which amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIIIA. This amendment could reduce property tax revenues and the Tax Revenues of the Agency. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and, on or after November 5, 1986, 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, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within that county and the original property is located in another county within the State. The County has not adopted the ordinance regarding residences replacing dwellings in other counties.

In the June 1990 election, the voters of the State approved additional amendments to Article XIIIA permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of "new construction" triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters also approved an amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Beginning in Fiscal Year 1981-82, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value, which was expressed as $4.00 per $100 of assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as $1.00 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1.00 per $100 of taxable value.

Both the State Supreme Court and the United States Supreme Court have upheld the constitutionality of Article XIIIA.

Appropriations Limitations: Article XIIIB of the State Constitution

On November 6, 1979, State voters approved Proposition 4, the so-called Gann Initiative, which added Article XIIIB to the State Constitution ("Article XIIIB"). The principal effect of Article XIIIB 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.

Effective November 30, 1980, the State Legislature added Section 33678 to the Redevelopment Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIIIB, and such portion of taxes shall not 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, including Section 33678 of the Redevelopment Law.

Articles XIIIC and XIIID of the State Constitution

On November 5, 1996, State voters approved Proposition 218, "The Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State 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.

Unitary Property

Assembly Bill 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 utility companies and herein defined as "Unitary Property") is to be allocated county-wide as follows: (i) each tax rate area will receive that 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.

Assembly Bill 454 (Statutes of 1987, Chapter 921) modified 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, 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 1% 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.

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 Project Area's collection of tax increment revenue from such State-assessed property for Fiscal Year 2008-09 was approximately $403,144. The Agency also estimates the receipt of approximately $403,144 in unitary taxes in Fiscal Year 2009-10.

Property Tax Collection Procedures

Classifications. In the State, 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 on the unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections and Distributions. 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 recordation 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.

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 derived from secured property paid to the Agency in mid-December and mid-April, and the majority of Tax Revenues derived from unsecured property paid to the Agency by mid-November. 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 mid-August.

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 1.5% per month accrues with respect to such delinquent taxes on the unsecured roll 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 becomes delinquent on the following December 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, Senate Bill 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 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 tax lien date. To the extent such supplemental assessments occur within the Project Area, Tax Revenues may increase or decrease.

Property Tax Administrative Costs

In 1990, the State Legislature enacted Senate Bill 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property taxes to local government jurisdictions on a prorated basis. It has been the practice of most counties, including the County, to reduce an agency's tax increment revenues or bill an agency for its pro rata share of property tax administration costs. The amount charged by the County from Fiscal Year 2008-09 from Tax Revenues for the Project Area for this purpose was, approximately $288,682 or 1.05% of gross tax revenue. For purposes of estimating the administrative fee for Fiscal Year 2009-10 and subsequent fiscal years, the Fiscal Consultant used 2.00% of then current year Tax Revenues. For additional information on property tax administrative costs, see APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

Elections Under Health and Safety Code Section 33676

In addition to the Tax Sharing Agreements, under earlier legislation, since repealed, taxing agencies may elect to receive their pro rata share of the tax increments attributable to an annual inflation factor of up to 2% on the base year assessed valuation.

The County has annually deducted amounts from the revenues generated in the 1980 Annex. On remittance advices that the County provides when disbursing funds to the Agency, these deductions are identified as "Annual Inflationary Growth (33401)." Section 33401 of the Redevelopment Law no longer exists, however the section formerly provided for the creation of tax sharing agreements between redevelopment agencies and taxing entities affected by the adoption of redevelopment projects to mitigate the impact of sharing tax revenues.

Neither Agency nor County representatives have been able to produce documentation of the arrangement that allows the County's deduction of payments from the 1980 Annex. The Fiscal

Consultant's review of recent years' deductions indicates that the payments were made in amounts that change from year to year in the same manner as payments made pursuant to former Section 33676 of the Redevelopment Law. Such payments are commonly referred to as "2% payments" because they allow a taxing entity to receive payments based on a 2% inflationary increase in the base year assessed value of a redevelopment project under Proposition 13. In order to reflect the County's annual deduction from the 1980 Annex the Fiscal Consultant incorporated estimates of the deduction for the current and future fiscal years of the Project Area based on computations that assume the use of Section 33676 provisions.

Proposition 87 – Exclusion of Tax Revenues for General Obligation Bonds Debt Service

On November 8, 1988, the voters of the State approved Proposition 87 entitled "Property Tax Revenues Redevelopment Agencies," which amended Article XVI, Section 16 of the State Constitution Under prior law, a redevelopment agency using tax increment revenue receives additional property tax revenue whenever a local government increases its property tax rate to pay off its general obligation bonds. This initiative amended the State Constitution to allow the State Legislature to prohibit redevelopment agencies from receiving any of the property tax revenue raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness. The initiative only applies to tax rates levied to finance bonds issued to fund facilities approved by the voters on or after January 1, 1989. The Agency does not receive any Tax Revenues as a result of general obligation bonds which may have been approved on or after January 1, 1989.

Assembly Bill 1290 and Senate Bill 211

AB 1290 was adopted by the Legislature and became law on January 1, 1994. AB 1290 provides for the placement of time limits on the effectiveness of every redevelopment plan, and provides that after ten years (or fifteen years in the case of projects adopted after January 1, 1994) following the termination date of a plan's effectiveness, no redevelopment agency, subject to certain exceptions, shall pay indebtedness or receive property taxes in connection therewith. AB 1290 expressly states that it shall not be construed to affect the validity of any bond, indebtedness or other obligation authorized prior to January 1, 1994, nor shall it be construed to affect the right of an agency to receive property taxes to pay such indebtedness or other obligation.

Among other amendments to the Law, AB 1290 imposed time limits on existing redevelopment plans for the incurrence of indebtedness, the duration of the plan and the collection of the tax increment revenues. Following the enactment of AB 1290, the redevelopment plan for the Project Area was initially amended to prohibit the incurrence of debt (including debt on a parity with the Bonds) after July 20, 2012. AB 1290 required the Agency to adopt a time limit for the receipt of Tax Revenues, which may not extend more than 50 years from the date of adoption of the redevelopment plan.

In 2001, the State Legislature enacted Senate Bill 211 ("SB 211"), which authorized, among other things, the deletion by ordinance of the legislative body of the AB 1290 limitation on incurring indebtedness contained in a redevelopment plan adopted prior to January 1, 1994.

However, such elimination will trigger statutory tax sharing with those taxing entities that do not have tax sharing agreements, commonly referred to as AB 1290 Payments. Tax sharing will be calculated based on the increase in assessed valuation after the year in which the time limit would have otherwise become effective.

On December 16, 2003, the City Council adopted an ordinance, pursuant to the authorization contained in SB 211, deleting the limit on the Agency's authority to incur loans, advances and indebtedness with respect to the Project Area for redevelopment plans adopted prior to January 1, 1994.

As a result, the Project Area will be providing statutory payments to affected taxing agencies whose jurisdictions include the Project Area and with whom the Agency does not have a tax sharing agreement. AB 1290 payments commenced in Fiscal Year 2005-06 for the Rosecrans portion of the Project Area and for the Walnut Industrial portion (including all annexes). AB 1290 payments from Area A-1 will commence in Fiscal Year 2011-12.

Agencies may request the subordination of the AB 1290 payments to debt secured by a project's revenue. The request must be made prior to incurring the debt and is to be accompanied by substantial evidence that anticipated debt service and revenues will still allow the projected payments to the taxing entities to be made. An affected taxing entity may disapprove the agency's request within forty-five days of its receipt only if the entity finds, based upon substantial evidence, that the agency will not be able to pay both debt service and the payment due the taxing entity. Absent such disapproval the subordination is deemed approved. The Agency has not taken actions to subordinate such statutory pass-through payments to the Bonds. Payments on the Bonds and the Senior Obligations are subordinate to such statutory pass-through payments.

Los Angeles Unified School District Lawsuit. In March of 2007, the Los Angeles Unified School District ("LAUSD") filed suit in Superior Court alleging that the County and certain redevelopment agencies and other public entities in the County, including the Agency, have under-allocated the LAUSD's share of AB 1290 payments (discussed above). The suit seeks to have the AB 1290 payments reallocated among the affected taxing entities to include a share of the AB 1290 payments representative of the ERAF, which share, or a substantial portion thereof, would be allocated to LAUSD.

The County prevailed at the Superior Court level on the question of the LAUSD share of the AB 1290 payments, however, that decision has been reversed by an opinion of the appellate court entered January 27, 2010. The appellate court found that "LAUSD's pass-through payments have been based on an erroneous calculation of its percentage share of property taxes."

The lawsuit and the opinion of the appellate court does not affect the total amount of AB 1290 payments that must be paid by the Agency and, therefore, requires no changes in the estimates of Tax Revenues included in the Fiscal Consultant's Report and the related tables herein. Rather, the current opinion would require the reallocation of AB 1290 payments among the entities receiving the payments. Other non-fiscal impacts of the appellate court's opinion could include some uncertainty as to the entities that would be required to subordinate to the Agency's debt service on bonds as allowed by AB 1290, and, whether entities sharing in the funds allocated from the ERAF would become "affected taxing entities" in the adoption or amendment of redevelopment plans. These impacts have no effect with respect to the Bonds as the Agency has not taken actions to subordinate AB 1290 statutory pass-through payments to the Bonds.

On February 10, 2010, the County filed a petition for rehearing by the appellate court and the appellate court, in turn, has requested that LAUSD file an answer to the petition. A hearing has been scheduled in Superior Court on April 19, 2010. [Update prior to posting]

For additional information on AB 1290 and AB 1290 Payments, see APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

Tax Increment Limitation

Section 33333.2 of the Redevelopment Law requires redevelopment plans adopted on or after October 1, 1976 to contain, among other things, a limitation on the number of dollars of taxes that may be divided and allocated to the redevelopment agency pursuant to the redevelopment plan. Pursuant to the provisions of the Agency's Redevelopment Plan for the Project Area, the maximum amount of tax increment the Agency may receive from the Project Area is established in the amount of $1.9 billion.

The total amount of tax increment received by the Agency in Fiscal Year 2008-09 is approximately $26,716,935, including delinquent amounts received for prior fiscal years. The Agency expects to receive approximately $26,781,000 in additional increment through Fiscal Year 2009-10.

In the event that the Agency reaches its tax increment cap, it would not collect any additional tax increment to pay debt service on the Bonds.

Low and Moderate Income Housing Fund

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the Health and Safety Code, requiring redevelopment agencies to set-aside 20% of all tax increment allocated to redevelopment project areas adopted after December 31, 1976, into a low and moderate income housing fund. As provided by Section 33334.2, the low and moderate income housing requirement can 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; (2) that some stated percentage less than 20% of the tax increment revenues is sufficient to meet the housing need; or (3) that other substantial or equivalent efforts, including the obligation of funds of equivalent impact from state, local and federal sources for low and moderate income housing are being provided for in the community.

As amended by Assembly Bill 315 ("AB 315"), Section 33334.2 restricts the ability to reduce or eliminate the low and moderate income housing requirement. A community can claim that no need exists, or can claim that less than 20% of tax increment revenue is sufficient, only if that claim is consistent with the housing element of the community's general plan. As of June 30, 1993, communities may no longer claim an "equivalent effort" exemption except for obligations incurred prior to May 1, 1991, which were entered into with the understanding that the "equivalent effort" exemption would remain intact.

Assembly Bill 265 ("AB 265") amended Section 33334.3 and added Sections 33334.6 and 33334.7 to extend the requirement for redevelopment agencies to set aside 20% of allocated tax increment revenue into a low and moderate income housing fund to redevelopment project areas adopted prior to January 1, 1977, beginning with Fiscal Year 1985-86 revenues. An agency may make the same findings described above to reduce or eliminate the low and moderate income housing requirement for a "pre-1977" project area.

For pre-1977 project areas, an agency may also reduce its low and moderate income housing deposit requirement in any fiscal year that an agency finds that the reduction is necessary to make payments on "existing obligations," i.e., indebtedness incurred prior to January 1, 1986 (e.g., the Pre-1986 Bonds), or refundings thereof, and, for fiscal years through 1995-96 only, to fund the orderly and timely completion of "public and private projects, programs or activities" approved by the Agency prior to January 1, 1985. Eligible obligations and programs under AB 265 must be included on a statement of existing obligations and/or a statement of existing programs adopted by September 1, 1986 and describing each such obligation, project, program and activity.

The original Walnut Industrial Park Project, the 1976 Annex and the Rosecrans Project were adopted prior to January 1, 1977, and are therefore subject to the requirements of AB 265. The Agency has adopted statements of existing obligations and programs pursuant to Chapter 1135; and, therefore, the Agency believes that it has taken the necessary actions to subordinate the required annual deposit into the

Housing Revenue Fund to debt service on the Pre-1986 Bonds (and bonds issued to refund the Pre-1986 Bonds). The effect of such subordination is as follows: In any Fiscal Year, to the extent that 80% of the Tax Revenues is not enough to pay in full the debt service on the Pre-1986 Bonds (and the portion of the Bonds traceable to the Pre-1986 Bonds), then the Agency may deposit less than the full 20% of the Tax Revenues into the Housing Revenue Fund to the extent necessary to pay the debt service on the Pre-1986 Bonds (and the portion of the Bonds traceable to the Pre-1986 Bonds). The difference between the actual deposit and the full 20% of Tax Revenues that otherwise would have been required to be deposited into the Housing Revenue Fund becomes a deferral with respect to the Housing Revenue Fund. If such a deferral becomes necessary in any fiscal year, the Agency must adopt a plan to make up such deferred amount in subsequent years. As shown in the tax increment projection tables in APPENDIX A, the Agency does not anticipate a need to defer any portion of Housing Tax Revenues to pay debt service on the Bonds.

Should an eligible agency defer the low and moderate income housing requirement, the amount equal to the difference between the 20% requirement for a given year and the amount deposited that year shall constitute a deficit in the housing fund and an indebtedness of the project area. An agency, per the legislation, is required to adopt a plan to eliminate the cumulative deficit created by such shortfalls in subsequent years.

As a merged redevelopment project, the Project Area is also subject to the provisions of Section 33487 of the Redevelopment Law. Section 33487 requires the set-aside of 20% of tax increment from a merged project area for housing purposes, but makes the set-aside subject to the requirements for compliance with bond resolutions or other agreements existing prior to the merger and pledging taxes from the project areas comprising the merged project. If, as a result of meeting such prior obligations, the set-aside is less than 20% of the project revenue, a deficit is created in the housing trust fund of the merged project area in the amount of the shortfall. Until any such deficit is eliminated, an agency cannot incur any new obligations pledging tax revenues of the merged project area. Because the Project Area is a merged project area, the Agency could defer the set-aside of funds for housing in order to meet obligations existing prior to the merger.

The Agency has, in some earlier Fiscal Years, reduced its deposits to the Housing Revenue Fund based on findings that other funds of the Agency and the City constituted an equivalent effort for the purposes of housing as would result from the set-aside of tax increment. However, since Fiscal Year 1993-94, the Agency has set-aside the full 20% of Tax Revenues for housing purposes and has provided assurances that it will continue to do so. For additional information on low and moderate income housing, see APPENDIX A – "REPORT OF THE FISCAL CONSULTANT." The Agency did not make a timely deposit of 20% of Tax Revenues to the Housing Fund for Fiscal Year 2007-08. However, the moneys not paid into the Housing Fund were held by the Trustee and were not diverted to non-housing uses. The deposit to the Housing Fund was made in [March/April] 2010 for Fiscal Years 2007-08 and 2008-09. **[Confirm with the Agency]**

THE AUTHORITY

The Compton Public Finance Authority (the "Authority") was created by a Joint Exercise of Powers Agreement (the "JPA Agreement") dated November 16, 1987, by and between the Agency and the City. The JPA Agreement was entered into pursuant to the provisions of Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "JPA Law"). The Authority was created to finance the acquisition of public capital improvements and to fund the working capital requirements of the City and the Agency. The Authority is governed by five Board of Directors who are also members of the City Council.

Under the JPA Law, the Authority has the power to purchase bonds issued by a local agency at public or negotiated sale and may sell such bonds to public or private purchasers at a public or negotiated sale. The Bonds are not obligations of the Authority.

THE CITY OF COMPTON

The Project Area is located within the City of Compton. For general information concerning the City of Compton, see APPENDIX B – "THE CITY OF COMPTON."

THE REDEVELOPMENT AGENCY

General

The Agency was activated in 1967 by an ordinance of the City Council under the provisions of the Redevelopment Law. The Compton Urban Community Development Commission (the "Commission") was activated in 1975 pursuant to Part 1.7 of Division 24 (Section 34100 et seq.) of the Health and Safety Code, and, pursuant to such law acts as the governing board of the Agency. Members of the City Council sit as the governing board of the Agency.

Eric J. Perrodin, the Mayor of the City, currently serves as Chairperson. The current members of the Council, their offices with the Agency and expirations of their respective terms are as follows:

Name	Title	Term Expires
Eric J. Perrodin	Chairperson	June 30, 2013
Barbara Calhoun	Commissioner	June 30, 2013
Lillie Dobson	Commissioner	June 30, 2013
Yvonne Arceneaux	Commissioner	June 30, 2013
Dr. O. Willie Jones	Commissioner	June 20, 2011

Source: The Agency.

The Director of the Agency, Kofi Sefa-Boakye holds a doctorate degree in Policy, Planning and. Development from the University of Southern California. Dr. Sefa-Boakye became Director of the Agency in 2006. Dr. Sefa-Boakye has over twenty years of professional experience in community economic development, urban planning, transportation planning and redevelopment. The Director is a member of the Community Redevelopment Association, International Council of Shopping Centers and a Knight Fellow in Community Building at the University of Miami. The Director's overall duties include the fiscal and administrative management of the day-to-day operations of the Agency, including personnel and budget preparation responsibilities.

Charles Evans serves as the City Manager and as the Agency's Executive Secretary

Powers

The Agency is charged with the responsibility of elimination of blight through the process of redevelopment. Currently, all powers of the Agency are vested in its governing body. Pursuant to the Redevelopment Law, the Agency is a separate public body and exercises governmental functions in planning and implementing redevelopment projects.

The Agency may exercise broad governmental functions and authority to accomplish its purposes, including, but not limited to, the right of eminent domain, the right to issue bonds and notes 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 or 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 area and cannot be financed by any other reasonable method. The Agency may not construct or develop buildings, with the exception of public buildings, and must sell or lease cleared property which it acquires within a redevelopment project area for redevelopment in conformity with a particular redevelopment plan, and may further specify a period within which such redevelopment must begin and be completed.

THE PROJECT AREA

The 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 a redevelopment plan. The Agency adopted its original redevelopment plan in March 9, 1971, and has subsequently amended such plan from time to time (the "Redevelopment Plan"). 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. While the Redevelopment Plan does not present a specific plan for the redevelopment, rehabilitation and revitalization of any area within the Project Area, the Agency has identified the general goals of the Redevelopment Plan as follows:

- Eliminate and prevent the spread of conditions of blight including vacant land and deteriorating buildings, incompatible and uneconomic land uses, obsolete structures, and other environmental, economic, and social deficiencies in order to create a more favorable environment for shopping, working, and recreation;

- Provide land for needed public facilities;

- Improve public facilities and provide adequate streets, curbs, gutters, street lights, recreational and other needed improvements;

- Stimulate commercial and industrial development and upgrade and enhance commercial buildings and offices, and encourage residential rehabilitation within the Project Area;

- Establish and implement design and use criteria and standards to assure high aesthetic and environmental quality and compatibility, and provide unity and integrity to developments within the Project Area;

- Removal of impediments to land disposition and development through assembly of land into reasonably sized and shaped parcels served by an improved street system and improved public facilities;

- Provide adequate land for parking and improve pedestrian and vehicular circulation in the Project Area;

- Promote the rehabilitation of existing housing stock where appropriate;

- Provide low and moderate income housing as is required to satisfy the needs and desires of the various age and income groups of the community, maximizing the opportunity for individual choice, and meeting the requirements of State law; and

- Develop, preserve and enhance the Project Area to encourage commercial and residential development in the City and to provide employment opportunities.

Description of Project Area

On March 9, 1971, the City Council adopted Ordinance No. 1375 establishing the Rosecrans Redevelopment Project Area No. 1, consisting of the commercial and residential structures and covering approximately 90 acres.

On August 28, 1973, the City Council adopted Ordinance No. 1437 establishing the Walnut Industrial Park Project Area, consisting of approximately 50 acres. The Walnut Industrial Park Project Area has been amended by the City Council by Ordinance No. 1455, adopted July 20, 1974, Ordinance No. 1512, adopted December 1, 1976, Ordinance No. 1583, adopted July 12, 1979 and Ordinance No. 1601, adopted May 13, 1980.

On December 10, 1991 both the Rosecrans Redevelopment Project Area No. 1 and the Walnut Industrial Park Project Area were merged into the Compton Redevelopment Project Area. In addition, the Agency added Area A-1, which consists of an additional 977 acres. The purpose of the merger was to enable the Agency to transfer tax increment revenue among all project areas and to enhance the ability of the Agency to access the financial markets. For additional information on the Project Area, see APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

The table below summarizes the additions to the Project Area.

Project Area	Acres	% of Total
Rosecrans Redevelopment Project (1971)	95	4
Walnut Industrial Park Redevelopment Project (1973)	50	2
Project Amendment (1974)	999	38
Project Amendment (1976)	169	6
Project Amendment (1979)	86	7
Project Amendment (1980)	160	6
Compton Project Merger Amendment (1991)	977	37
TOTAL REDEVELOPMENT ACREAGE	2,635	100%

Source: Fiscal Consultant Report.

The mission of the Agency is to expand and diversify the economic base of the community by eliminating neighborhood blight through assembling land for job-producing and revenue-generating retail, commercial and industrial developments while fostering homeownership opportunities to create a viable and sustainable community that enhances the quality of life for City residents and businesses. The Agency serves as the economic development arm of the City for rebuilding and generating economic vitality in the community.

Under the new Director, the Agency has introduced a Smart Growth Implementation Strategy as the road map for creating pedestrian-friendly neighborhoods with an integrated mix of land uses for retail, office, residential, entertainment, and sports that will set standards and goals for designated sub-areas of the Project Area. The Agency plans to complete at least five of these plans during the next five years.

Using a Smart Growth Implementation Strategy is expected to provide greater control of the redevelopment of these areas by more tightly integrating the City's planning functions and redevelopment objectives. It is also expected that the process will lead to improvement in project specification and design and greater control over the type of projects permitted, targeted acquisitions and relocations, and focused land assemblages. Once the plan process is completed, the Agency's ability to attract high value commercial and residential projects will increase, leading to a significant positive impact on the tax base.

Additionally, the Agency desires to maximize the development potential of the two Metro Blue Line light rail transit stops in the City by encouraging transit-oriented development along the rail corridor. This transit asset is an important land development determinant that encourages new developments specifically designed to take advantage of this resource. By creating development opportunities along the rail corridor, the redevelopment process in the downtown area will excel, leading to population growth and a stronger retail sector, and increasing the attraction of the City as an important destination in the Los Angeles area.

In the spirit of the City's goal of "Birthing a New Compton," the Agency is also coordinating the revitalization of the City's historic downtown as a vibrant, pedestrian-oriented center for entertainment, shopping and dining. Several key downtown development projects have emerged to reinforce the Agency's focus on transit-oriented and mixed-use development. The "Willow Walk" mixed-use development, including 124 townhome units, developed by The Olson Company is in the final stages of completion. As of February 1, 2010, approximately ninety townhomes have been sold, and buyers have already moved into the residential development. Directly across from the downtown light rail transit center, the "Willow Walk" development complements the Smart Growth and Downtown Specific Plan objective of transforming the downtown into a pedestrian-friendly City center. Along with the renovation of the MLK Transit Center, the Agency is financing the construction of a new public parking structure, a senior activity center, a community center and a senior housing residential development. In addition, the Alameda Court project, a 28-unit townhome development on Alameda Boulevard at Myrrh Street, expects to have a grand opening in March 2010.

In partnership with Prism Realty Corporation, the Agency unveiled the Gateway Towne Center in 2008, an $80 million retail shopping outlet constructed at a former Compton Auto Mall. The Gateway Towne Center is home to Target, Best Buy, T.G.I. Friday's restaurant, 24-Hour Fitness and Starbucks Coffee and also has the advantage of close proximity to the 91 Freeway and one of two light rail transit stops in the City. Additionally, the shopping center is located near the Crystal Hotel and Casino, which could generate additional development of entertainment venues.

TAX REVENUES AND ANNUAL DEBT SERVICE FOR THE BONDS

Tax Rates

Property tax rates levied in the Project Area include the 1% tax rate and debt service tax rates, the latter levied by various taxing entities, including the City, to repay voter-approved indebtedness but accruing to the Agency within the Project Area. The Fiscal Year 2009-10 secured tax rate is 1.531274%. The respective override taxing agencies and their override rates are shown on the following table:

Taxing Agency	Tax Rate
City of Compton	0.451632
Compton Unified School District	0.062375
Compton Community College District	0.012963
Metropolitan Water District	0.004300
General	1.000000
Total	1.531274

Source: Fiscal Consultant Report.

The override tax rate levied by the City is allowed under current law and provides revenues to fund the City's annual contributions to a voter approved pension fund for certain City employees. The City has indicated that the tax rate being levied will remain at the current rate for the foreseeable future. See "RISK FACTORS—City Charter-Authorized Levy" and APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

Those portions of the override tax levied by the School District and by the College District provide funds to cover debt service payments on bonds issued for the purpose of constructing and renovating facilities. Authority for the levy was provided through voter approval of the issuance of bonds. Pursuant to State Constitutional and statutory provisions, the taxes generated by application of these levies to incremental value in a redevelopment project are to be paid to the School District and the College District and not included in tax increment paid to the Agency. The following table shows the deducted portion of the override rate and the applicable tax rate.

	Secured Tax Rate
Full Tax Rate	1.531274
CUSD Facility Levy	(0.062375)
CCCD	(0.012963)
Net Tax Rate	1.455932

Source: Fiscal Consultant Report.

For additional information on tax rates, see APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

Unitary Property Taxes

Unitary property taxes for the Project Area are generated by certain properties of utilities within the County. The tax revenues are allocated among taxing entities and redevelopment projects in the County according to formula. Shown below are annual unitary property tax receipts for the Project Area over the period analyzed from 2005-06 through 2008-09.

#4.

HISTORICAL UNITARY PROPERTY TAXES RECEIPTS

2005-06	$370,169
2006-07	$372,304
2007-08	$391,847
2008-09	$403,144

Source: Fiscal Consultant Report.

For more information about unitary property taxes see "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Unitary Property" herein and APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

Supplemental Property Taxes

The Agency typically receives supplemental revenues on an annual basis. Supplemental property taxes are a function of new construction activity and transfers of ownership occurring in a project area after the March 1 property tax lien date. Shown below are annual supplemental property tax receipts for the Project Area from 2005-06 through 2008-09. For more information about supplemental property taxes see APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

SUPPLEMENTAL RECEIPTS

2005-06	$754,528
2006-07	$3,181,210
2007-08	$918,274
2008-09	$848,490

Source: Fiscal Consultant Report.

Assessed Valuations

The assessed valuation of properties located in the Project Area is $2.3 billion for Fiscal Year 2009-10. This represents an increase of approximately $34.1 million (or 1.51%) over the value of the Project Area for Fiscal Year 2008-09. Tables 1 and 2 show the historical assessed values and Tax Revenues for Fiscal Years 2005-06 to 2008-09 based upon the County Auditor/Controller's equalized rolls. Table 3 shows the ten largest assessees located within the Project Area.

TABLE 1
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON
COMPTON REDEVELOPMENT PROJECT
Historical Assessed Taxable Value

Fiscal Year	Total Assessed Value[1]	Percentage Growth
2005-06	$1,619,363,423	N/A
2006-07	1,783,935,474	10.16%
2007-08	2,009,911,285	12.67%
2008-09	2,263,613,002	12.62%
2009-10	2,297,712,683	1.51%

Source: Fiscal Consultant Report.
(1) Values are as reported by the Los Angeles Auditor-Controller.

TABLE 2
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON
COMPTON REDEVELOPMENT PROJECT
Historical Incremental Taxable Value And Tax Receipts

Fiscal Year	Historical Incremental Taxable Value	Original Levy	Levy Adjustment	Adjusted Receivable	Historical Receipts[1]
2005-06	$1,169,153,334	$17,392,361	$(82,377)	$17,309,984	$17,545,461
2006-07	1,333,725,385	19,391,428	1,291,239	20,682,667	20,271,944
2007-08	1,559,701,196	23,067,913	465,365	23,533,277	22,872,615
2008-09	1,813,402,913	25,284,551	1,017,475	26,302,026	26,713,935

Source: Fiscal Consultant Report.
(1) Includes all current taxes and redemption payments collected.

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TABLE 3
CITY OF COMPTON REDEVELOPMENT PROJECT AREA
Ten Major Assessees for the Fiscal Year 2009-10[1]

Rank	Major Assessees	No. of Assessments	Use	2009-10 Value	% of Project Value
1.	PR I Dominguez Hills	19	Warehouse/Distribution/Parking	$157,569,612	6.86%
2.	AMB Property LP	27	Lgt. Manufacturing	129,953,549	5.66
3.	Ralphs Grocery Company	11	Food Processing/Unsecured	94,469,781	4.11
4.	South Bay Industrials Co. LLC	12	Lgt. Manufacturing/Office	75,416,011	3.28
5.	Prologis California I LLC	11	Lgt. Manufacturing/ Warehousing	52,258,236	2.27
6.	Prism IQ Partners LLC	11	Shopping Center	45,153,740	1.97
7.	Los Angeles Industrial Park LLC	8	Lgt. Manufacturing/Offices	44,789,217	1.95
8.	CCL Tube Inc.	1	Unsecured	35,813,501	1.56
9.	Inland Empire Realty Holding Co.	7	Warehousing/Parking	27,750,586	1.21
10.	NL Ventures VII Euclid LLC	11	Lgt. Manufacturing/Distribution/ Parking	25,035,000	1.09
			TOTAL VALUE MAJOR ASSESSEES	**$ 688,209,233**	
			TOTAL 2009/10 PROJECT VALUE	**$2,297,712,683**	
			TOTAL % OF 2009-10 PROJECT VALUE		**29.95%**
			TOTAL % OF 2009-10 INCREMENTAL VALUE		**37.25%**

Source: Fiscal Consultant Report.
(1) Based on information provided by the County. Includes all secured and unsecured value located within the Project Area attributable to each assessee.

Vacancy Rates in the Project Area

[To come from the Agency]

Projected Tax Revenues

Table 4 shows a schedule of Tax Revenues for the Project Area for Fiscal Years 2009-10 through 2040-41. Such projections were prepared by the Fiscal Consultant based on certain assumptions, including trends in taxable values, maintenance of the pension fund levy, and assessment appeals which assumptions the Fiscal Consultant and the Agency deem reasonable; however, there can be no assurance that the actual collection of tax increment revenue with respect to the Project Area will not differ significantly from the projections provided herein. See APPENDIX A – "REPORT OF THE FISCAL CONSULTANT."

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TABLE 4
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON
COMPTON REDEVELOPMENT PROJECT
Projected Tax Revenues* (in thousands)

Fiscal Year	Total Assessed Value[1]	Incremental Assessed Value	Gross Tax Revenues[2]	County Admin Charge[3]	AB 1290 Payments to Taxing Entities[4]	County Tax Sharing Agreement[5]	Net Tax Revenues[6]	Housing Tax Revenues[7]	Discretionary Tax Revenues
2009-10	$ 2,261,978	$ 1,811,768	$ 26,781	$ 536	$ 1,189	$ 81	$ 24,607	$ 5,249	19,358
2010-11	2,303,119	1,852,909	27,301	546	1,253	85	25,417	5,351	20,066
2011-12	2,345,083	1,894,873	27,910	558	1,363	88	25,900	5,470	20,430
2012-13	2,387,886	1,937,676	28,531	571	1,476	92	26,393	5,592	20,800
2013-14	2,431,546	1,981,335	29,165	583	1,590	96	26,895	5,716	21,179
2014-15	2,476,078	2,025,868	29,811	596	1,707	100	27,407	5,843	21,564
2015-16	2,521,501	2,071,291	30,471	609	1,895	105	27,862	5,972	21,890
2016-17	2,567,833	2,117,623	31,143	623	2,086	109	28,325	6,104	22,221
2017-18	2,615,091	2,164,881	31,829	637	2,282	113	28,798	6,239	22,559
2018-19	2,663,295	2,213,085	32,529	651	2,481	117	29,280	6,376	22,905
2019-20	2,712,462	2,262,252	33,243	665	2,684	122	29,772	6,516	23,256
2020-21	2,762,613	2,312,403	33,971	679	2,891	127	30,274	6,658	23,615
2021-22	2,813,767	2,363,557	34,713	694	3,138	131	30,749	6,804	23,946
2022-23	2,865,944	2,415,734	35,471	709	3,391	136	31,235	6,952	24,282
2023-24[8]	2,919,165	2,468,954	36,243	725	3,648	141	31,729	7,104	24,626
2024-25	2,882,486	2,437,090	35,779	716	3,750	146	31,168	7,013	24,155
2025-26[8]	2,936,043	2,490,648	36,556	731	4,008	151	31,666	7,165	24,501
2026-27	1,638,644	1,354,880	19,796	396	1,803	156	17,441	3,880	13,561
2027-28	1,669,626	1,385,862	20,245	405	1,939	161	17,740	3,968	13,772
2028-29	1,701,228	1,417,463	20,704	414	2,078	167	18,045	4,058	13,987
2029-30[8]	1,733,461	1,449,697	21,172	423	2,220	172	18,357	4,150	14,207
2030-31	1,554,413	1,296,534	18,900	378	1,896	178	16,448	3,704	12,744
2031-32	1,583,845	1,325,965	19,327	387	2,021	183	16,736	3,788	12,948
2032-33[8]	1,613,865	1,355,986	19,763	395	2,150	189	17,029	3,873	13,155
2033-34	1,023,318	784,508	11,392	228	1,544	-	9,620	2,233	7,387
2034-35	1,042,432	803,623	11,669	233	1,646	-	9,790	2,287	7,502
2035-36	1,061,929	823,120	11,952	239	1,750	-	9,963	2,343	7,620
2036-37	1,081,816	843,006	12,241	245	1,857	-	10,139	2,399	7,740
2037-38	1,102,100	863,291	12,535	251	1,965	-	10,320	2,457	7,863
2038-39	1,122,791	883,981	12,836	257	2,076	-	10,503	2,516	7,988
2039-40	1,143,895	905,085	13,142	263	2,188	-	10,691	2,576	8,115
2040-41	1,165,421	926,611	13,455	269	2,303	-	10,882	2,637	8,245
2041-42[8]	1,187,377	948,567	13,773	275	2,456	-	11,042	2,700	8,342
TOTALS			**$794,348**	**$15,887**	**$72,724**	**$3,146**	**$702,224**	**$155,692**	**546,532**

Source: Fiscal Consultant Report.

* The deadlines for the receipt of Tax Revenues include effect of ordinances per SB 1045 and SB 1096, as applicable.

(1) Real property in the Project Area is assumed to grow at 2.00% annually. The 2009-10 total assessed value is reduced by approximately $31.6 million to reflect actual and expected assessment appeals impact.

(2) Gross Tax Revenues includes the reported 2008-09 Unitary Revenue amount of $403,144.

(3) The property tax administrative charge is based on 2.00% of Gross Tax Revenues and Unitary Revenue.

(4) Because the Project Area was amended in to remove the limit on debt establishment, AB 1290 Payments commenced in Fiscal Year 2005-06 for the Walnut Industrial Park and Rosecrans Project Sub Areas, and commence in Fiscal Year 2011-012 for the Area A-1. These payments are only for taxing entities that do not have existing Tax Sharing Agreements.

(5) Computed assuming the provisions of former Section 33676 of the Redevelopment Law.

(6) Net Tax Revenues has been adjusted for resolved and pending assessment appeals. Refunds are approximately $147,000 and $221,000, respectively.

(7) Housing Tax Revenues computed as 20% of Tax Revenues less the County administrative charge.

(8) The time limit for Rosecrans to receive tax increment to repay indebtedness is Mar. 9, 2024. The time limit for Walnut Industrial Park to receive tax increment to repay indebtedness is Aug. 28, 2026. The time limit for Walnut Industrial Park Project Amendment 1976 to receive tax increment to repay indebtedness is Dec. 1, 2029. The time limit for Walnut Industrial Park Project Amendment 1980 to receive tax increment to repay indebtedness is May 13, 2033. The time limit for Area A-1 to receive tax increment to repay indebtedness is Mar. 19, 2042.

#4.

Outstanding Indebtedness of the Agency

Certification of Agency Indebtedness. A significant provision of the Redevelopment Law, Section 33675, was added by the State Legislature in 1976, providing for the filing not later than October 1 of each year with the county auditor of a statement of indebtedness certified by the chief fiscal officer of the agency for each redevelopment project that receives tax increment. The statement of indebtedness is required to contain the date on which any bonds or other indebtedness were delivered, the principal amount, term, purpose and interest rate of bonds and the outstanding balance and amount due on bonds. Similar information must be given for each loan, advance or indebtedness that the agency has incurred or entered into to be payable from tax increment. The Agency has complied with the requirements of Section 33675 each year since its effective date, although the Auditor was unable to reconcile the Agency's statement of indebtedness with the Agency's financial records for Fiscal Years 2007-08 and 2008-09. The Auditor was unable to find support for a lease payment due to the City from the Agency and stated that changes in indebtedness reported in the reconciliation statement section of the statement of indebtedness did not agree with the Agency's financial records. However, since the lease is no longer valid and lease payment are no longer due to the City from the Agency, this lease payment will not be included in future Agency statements of indebtedness. [Confirm with the Agency]

Section 33675 also provides that the county auditor is limited in payment of tax increment to the agency to the amounts shown on the agency's statement of indebtedness. The section further provides that the statement of indebtedness is prima facie evidence of the indebtedness of the agency, but that the county auditor may dispute the amount of indebtedness shown on the statement in certain cases. Provision is made for time limits under which the dispute can be made by the county auditor as well as provisions for determination by the Superior Court in a declaratory relief action of the property disposition of the matter. The issue in any such action must involve only the amount of the indebtedness and not the validity of any contract or debt instrument, or any expenditures pursuant thereto. An exception is made for payments to a public to public agency in connection with payments by such public agency pursuant to a bond issue which shall not be disputed in any action under Section 33675.

Bonded Indebtedness. Other than the Senior Obligations, the Agency has incurred no other bonded indebtedness. Pursuant to the Trust Agreement, the Agency has covenanted not to issue any additional Senior Obligations.

Loans and Other Indebtedness. Other than the Deferral Amount due under the County Tax Sharing Agreement, the Agency has no other loans outstanding with any other entity. However, as of June 30, 2009, the amount of Tax Revenues that have not been spent on "mutually beneficial projects," and which may be payable to the School District, was $1,676,476. See Note 7 of the Agency's Audited Financial Statements for Fiscal Year 2008-09 in APPENDIX C.

Future Financings. The Agency anticipates issuing indebtedness to finance redevelopment projects and to fulfill its obligations to increase, improve and/or preserve the community's supply of low and moderate income housing. If issued, the payment of debt service on such indebtedness would be on a parity with or subordinate to the payment of debt service on the Housing Second Lien Bonds and the Project Second Lien Bonds.

ANNUAL DEBT SERVICE AND PROJECTED DEBT SERVICE COVERAGE RATIOS

The following tables show projected debt service coverage with respect to the Bonds. The debt service coverages shown on Table 7 and Table 8 are derived from projections of available tax increment prepared by the Agency, the Fiscal Consultant and the Underwriter. While the Agency, in conjunction with the Fiscal Consultant and the Underwriter, has based these projections on assumptions it deems reasonable, there can be no assurance that the actual collection of tax increment by the Agency with respect to the Project Area will not differ significantly from the projections provided herein. Assumptions made by the Fiscal Consultant and the Agency in preparing such projections include, but are not limited to, an increase in assessed value each year based on an assumed 2.0% annual inflation factor as detailed in APPENDIX A – "REPORT OF THE FISCAL CONSULTANT." See also "RISK FACTORS—Assessment Appeals and Reductions to Assessed Values."

#4.

TABLE 5
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON
COMPTON REDEVELOPMENT PROJECT
Debt Service Schedule for the
Housing Second Lien Bonds

Bond Year Ending August 1	Principal	Interest	Annual Debt Service
2010	$ -	$ 541,631	$ 541,631
2011	550,000	1,839,500	2,389,500
2012	585,000	1,803,750	2,388,750
2013	625,000	1,765,725	2,390,725
2014	890,000	1,725,100	2,615,100
2015	945,000	1,667,250	2,612,250
2016	1,010,000	1,605,825	2,615,825
2017	1,075,000	1,540,175	2,615,175
2018	1,145,000	1,470,300	2,615,300
2019	1,220,000	1,395,875	2,615,875
2020	1,300,000	1,316,575	2,616,575
2021	1,380,000	1,232,075	2,612,075
2022	1,470,000	1,142,375	2,612,375
2023	1,565,000	1,046,825	2,611,825
2024	1,670,000	945,100	2,615,100
2025	1,690,000	836,550	2,526,550
2026	1,800,000	726,700	2,526,700
2027	695,000	609,700	1,304,700
2028	745,000	564,525	1,309,525
2029	790,000	516,100	1,306,100
2030	840,000	464,750	1,304,750
2031	725,000	410,150	1,135,150
2032	775,000	363,025	1,138,025
2033	825,000	312,650	1,137,650
2034	340,000	259,025	599,025
2035	360,000	236,925	596,925
2036	385,000	213,525	598,525
2037	410,000	188,500	598,500
2038	435,000	161,850	596,850
2039	465,000	133,575	598,575
2040	495,000	103,350	598,350
2041	530,000	71,175	601,175
2042	565,000	36,725	601,725
Total	**$ 28,300,000**	**$ 27,246,881**	**$ 55,546,881**

Source: Grigsby & Associates, Inc.

TABLE 6
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON
COMPTON REDEVELOPMENT PROJECT
Debt Service Schedule for the
Project Second Lien Bonds

Bond Year Ending August 1	Principal	Interest	Annual Debt Service
2010	$ -	$ 1,501,417	$ 1,501,417
2011	-	4,504,250	4,504,250
2012	-	4,504,250	4,504,250
2013	-	4,504,250	4,504,250
2014	1,675,000	4,504,250	6,179,250
2015	1,810,000	4,370,250	6,180,250
2016	1,955,000	4,225,450	6,180,450
2017	2,110,000	4,069,050	6,179,050
2018	2,280,000	3,900,250	6,180,250
2019	2,460,000	3,717,850	6,177,850
2020	2,655,000	3,521,050	6,176,050
2021	2,870,000	3,308,650	6,178,650
2022	310,000	3,079,050	3,389,050
2023	335,000	3,058,900	3,393,900
2024	355,000	3,037,125	3,392,125
2025	5,865,000	3,014,050	8,879,050
2026	6,250,000	2,632,825	8,882,825
2027	2,480,000	2,226,575	4,706,575
2028	2,640,000	2,065,375	4,705,375
2029	2,815,000	1,893,775	4,708,775
2030	2,995,000	1,710,800	4,705,800
2031	2,615,000	1,516,125	4,131,125
2032	2,785,000	1,346,150	4,131,150
2033	2,965,000	1,165,125	4,130,125
2034	1,275,000	972,400	2,247,400
2035	1,360,000	889,525	2,249,525
2036	1,445,000	801,125	2,246,125
2037	1,540,000	707,200	2,247,200
2038	1,640,000	607,100	2,247,100
2039	1,750,000	500,500	2,250,500
2040	1,860,000	386,750	2,246,750
2041	1,980,000	265,850	2,245,850
2042	2,110,000	137,150	2,247,150
Total	**$ 65,185,000**	**$ 78,644,442**	**$ 143,829,442**

Source: Grigsby & Associates, Inc.

#4.

TABLE 7
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON
COMPTON REDEVELOPMENT PROJECT
Projected Debt Service Coverage for the
Housing Second Lien Bonds

Fiscal Year	Available Housing Tax Revenues[1]	Senior Obligation Debt Service[2]	Housing Second Lien Bonds Debt Service	Total Housing Bonds Debt Service	Net Available Housing Tax Revenues	Housing Bonds Debt Service Coverage
2010	$ 5,249,000	$ 444,263	$ 541,631	$ 985,893	$ 4,283,107	5.32
2011	5,351,000	445,250	2,389,500	2,834,750	2,516,250	1.89
2012	5,470,000	446,025	2,388,750	2,834,775	2,635,225	1.93
2013	5,592,000	447,300	2,390,725	2,838,025	2,753,975	1.97
2014	5,716,000	-	2,615,100	2,615,100	3,100,900	2.19
2015	5,843,000	-	2,612,250	2,612,250	2,230,750	2.24
2016	5,972,000	-	2,615,825	2,615,825	3,358,175	2.28
2017	6,104,000	-	2,615,175	2,615,175	3,488,825	2.33
2018	6,239,000	-	2,615,300	2,615,300	3,623,700	2.39
2019	6,376,000	-	2,615,875	2,615,875	3,760,125	2.44
2020	6,516,000	-	2,616,575	2,616,575	3,899,425	2.49
2021	6,658,000	-	2,612,075	2,612,075	4,045,925	2.55
2022	6,804,000	-	2,612,375	2,612,375	4,191,625	2.60
2023	6,952,000	-	2,611,825	2,611,825	4,340,175	2.66
2024	7,104,000	-	2,615,100	2,615,100	4,488,900	2.72
2025	7,013,000	-	2,526,550	2,526,550	4,486,450	2.78
2026	7,165,000	-	2,526,700	2,526,700	4,638,300	2.84
2027	3,880,000	-	1,304,700	1,304,700	2,575,300	2.97
2028	3,968,000	-	1,309,525	1,309,525	2,658,475	3.03
2029	4,058,000	-	1,306,100	1,306,100	2,751,900	3.11
2030	4,150,000	-	1,304,750	1,304,750	2,845,250	3.18
2031	3,704,000	-	1,135,150	1,135,150	2,568,850	3.26
2032	3,788,000	-	1,138,025	1,138,025	2,849,975	3.33
2033	3,873,000	-	1,137,650	1,137,650	2,735,350	3.40
2034	2,233,000	-	599,025	599,025	1,833,975	3.73
2035	2,287,000	-	596,925	599,925	1,690,075	3.83
2036	2,343,000	-	598,525	598,525	1,774,475	3.91
2037	2,399,000	-	598,500	598,500	1,800,500	4.01
2038	2,457,000	-	596,850	596,850	1,860,150	4.12
2039	2,516,000	-	598,575	598,575	1,917,425	4.20
2040	2,576,000	-	598,350	598,350	1,977,850	4.31
2041	2,637,000	-	601,175	601,175	2,035,825	4.39
2042	2,700,000	-	601,725	601,725	2,098,275	4.49
Total	$155,693,000	$1,782,838	$55,546,880	$57,329,718	$98,363,282	

Source: Grigsby & Associates, Inc.

(1) The source for this column is the Fiscal Consultant Report. Assumptions made by the Fiscal Consultant and the Agency in preparing such projections include, but are not limited to, an increase in assessed value each year based on an assumed 2.0% annual inflation factor. There can be no assurance that the actual collection of tax increment by the Agency with respect to the Project Area will not differ significantly from the projections provided herein.

(2) A portion of the Senior Obligations are payable with Housing Tax Revenues pursuant to the Trust Agreement through Fiscal Year 2012-13.

#4.

TABLE 8
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON
COMPTON REDEVELOPMENT PROJECT
Projected Debt Service Coverage for the Project Second Lien Bonds

Fiscal Year	Available Project Tax Revenues[(1) (2)]	Senior Obligation Debt Service	Project Second Lien Bonds Debt Service	Total Project Bond Debt Service	Net Available Project Tax Revenues	Project Bonds Debt Service Coverage
2010	$19,802,263	$8,885,250	$1,501,417	$10,386,667	$9,415,596	1.91
2011	20,511,250	8,905,000	4,504,250	13,409,250	7,102,000	1.53
2012	20,876,025	8,920,500	4,504,250	13,424,750	7,451,275	1.56
2013	21,247,300	8,946,000	4,504,250	13,450,250	7,797,050	1.58
2014	21,179,000	5,800,000	6,179,250	11,979,250	9,199,750	1.77
2015	21,564,000	5,800,000	6,180,250	11,980,250	9,583,750	1.80
2016	21,890,000	5,800,000	6,180,450	11,980,450	9,909,550	1.83
2017	22,221,000	5,800,000	6,179,050	11,979,050	10,241,950	1.85
2018	22,559,000	5,800,000	6,180,250	11,980,250	10,578,750	1.88
2019	22,905,000	5,800,000	6,177,850	11,977,850	10,927,150	1.91
2020	23,256,000	5,800,000	6,176,050	11,976,050	11,279,950	1.94
2021	23,615,000	5,800,000	6,178,650	11,978,650	11,686,350	1.97
2022	23,946,000	5,800,000	3,389,050	9,189,050	14,756,950	2.61
2023	24,282,000	5,800,000	3,393,900	9,193,900	15,088,100	2.64
2024	24,626,000	5,800,000	3,392,125	9,192,125	15,433,875	2.68
2025	24,155,000	-	8,879,050	8,879,050	15,275,950	2.72
2026	24,501,000	-	8,882,525	8,882,825	15,618,175	2.76
2027	13,561,000	-	4,706,575	4,706,575	8,854,425	2.88
2028	13,772,000	-	4,705,375	4,705,375	9,066,625	2.93
2029	13,987,000	-	4,708,775	4,708,775	9,278,225	2.97
2030	14,207,000	-	4,705,800	4,705,800	9,501,200	3.02
2031	12,744,000	-	4,131,125	4,131,125	8,662,875	3.08
2032	12,948,000	-	4,131,150	4,131,150	8,816,850	3.13
2033	13,155,000	-	4,130,125	4,130,125	9,024,875	3.19
2034	7,387,000	-	2,247,400	2,247,400	5,139,600	3.29
2035	7,502,000	-	2,249,525	2,249,525	5,252,475	3.33
2036	7,620,000	-	2,246,125	2,246,125	5,373,875	3.39
2037	7,740,000	-	2,247,200	2,247,200	5,492,800	3.44
2038	7,863,000	-	2,247,100	2,247,100	5,615,900	3.50
2039	7,988,000	-	2,250,500	2,250,500	5,737,500	3.55
2040	8,115,000	-	2,246,750	2,246,750	5,868,250	3.61
2041	8,245,000	-	2,245,850	2,245,850	5,999,150	3.67
2042	8,342,000	-	2,247,150	2,247,150	6,094,850	3.71
Total	$548,311,838	$99,456,750	$143,829,442	$243,286,192	$305,025,646	

Source: Grigsby & Associates, Inc.

(1) The source for this column is the Fiscal Consultant Report. Assumptions made by the Fiscal Consultant and the Agency in preparing such projections include, but are not limited to, an increase in assessed value each year based on an assumed 2.0% annual inflation factor. There can be no assurance that the actual collection of tax increment by the Agency with respect to the Project Area will not differ significantly from the projections provided herein.

(2) A portion of the Senior Obligations are payable with Housing Tax Revenues pursuant to the Trust Agreement through Fiscal Year 2012-13. The available Housing Tax Revenues are included in this column.

#4.

TAX MATTERS

Housing Bonds (Series 2010A Bonds) and Series 2010B Bonds

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Housing Bonds and the Series 2010B Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Housing Bonds and the Series 2010B Bonds to be included in gross income for Federal income tax purposes retroactive to their date of issue. These requirements include, but are not limited to, provisions which limit how the proceeds of the Housing Bonds and the Series 2010B Bonds may be spent and invested, and generally require that certain investment earnings be rebated on a periodic basis to the United States of America. The Agency has made certifications and representations and has covenanted to maintain the exclusion of the interest on the Housing Bonds and the Series 2010B Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law and assuming the accuracy of such certifications and representations by the Agency and compliance with such covenants, (i) interest on the Housing Bonds and the Series 2010B Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code, and (ii) the Housing Bonds and the Series 2010B Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Code and, therefore, interest on the Housing Bonds and the Series 2010B Bonds is not a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. Bond Counsel is also of the opinion that interest on the Housing Bonds and the Series 2010B Bonds is exempt from State of California personal income taxes.

Although a portion of the interest on certain tax-exempt obligations earned by certain corporations may be included in the calculation of adjusted current earnings for purposes of the federal corporate alternative minimum tax, interest on certain tax-exempt obligations issued in 2009 and 2010, including the Housing Bonds and the Series 2010B Bonds, is excluded from that calculation. Interest on the Housing Bonds and the Series 2010B Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. The exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals eligible for the earned income tax credit. Bond Counsel will express no opinion regarding these and other such consequences.

Bond Counsel has not undertaken to advise in the future whether any circumstances or events occurring after the date of issuance of the Housing Bonds and the Series 2010B Bonds may affect the tax status of interest on the Housing Bonds and the Series 2010B Bonds. No assurance can be given that future legislation, or amendments to the Code, if enacted into law, will not contain provisions which could eliminate, or directly or indirectly reduce the benefit of the exclusion of interest on the Housing Bonds and the Series 2010B Bonds from gross income for Federal income tax purposes. Certain requirements and procedures contained or referred to in relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Housing Bond or Series 2010B Bond, or the interest thereon, if any such change occurs or action is taken upon the advice or approval of bond counsel other than Richards, Watson & Gershon, A Professional Corporation.

If the issue price of a Housing Bond or Series 2010B Bond (the first price at which a substantial amount of the bonds of a maturity are to be sold to the public) is less than the stated redemption price at maturity of such Housing Bond or Series 2010B Bond, the difference constitutes original issue discount, the accrual of which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Housing Bonds and the Series 2010B Bonds. Further, such original issue discount accrues actuarially on a constant yield method over the term of each such Housing Bond or Series 2010B Bond and the basis of each Housing Bond or Series 2010B Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Housing Bonds or Series 2010B Bonds. Purchasers who acquire Housing Bonds and Series 2010B Bonds with original issue discount are advised that they should consult with their own independent tax advisors with respect to the state and local tax consequences of owning such Housing Bonds and Series 2010B Bonds.

If the issue price of a Housing Bond or Series 2010B Bond is greater than the stated redemption price at maturity of such Housing Bond or Series 2010B Bond, the difference constitutes original issue premium, the amortization of which is not deductible from gross income for Federal income tax purposes. Original issue premium is amortized over the period to maturity of such Housing Bond or Series 2010B Bond based on the yield to maturity of that Bond (or, in the case of a Housing Bond or Series 2010B Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Bond), compounded semiannually. For purposes of determining gain or loss on the sale or other disposition of such Housing Bond or Series 2010B Bond, the purchaser is required to decrease such purchaser's adjusted basis in such Housing Bond or Series 2010B Bond by the amount of premium that has amortized to the date of such sale or other disposition.

Payments of interest on tax-exempt obligations, including the Housing Bonds and Series 2010B Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of a Housing Bond or a Series 2010B Bond is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Prospective purchasers of the Housing Bonds and the Series 2010B Bonds should consult their own independent tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Housing Bonds and the Series 2010B Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

The Internal Revenue Service has established a program to audit issues of tax-exempt bonds in order to determine whether, in its view, interest should instead be included in gross income of the Bondholders for purposes of federal income taxation. It cannot be predicted whether or not the Housing Bonds and the Series 2010B Bonds will be subjected to such an audit. If such an audit is undertaken, it could adversely affect the market value of the Housing Bonds and the Series 2010B Bonds until the audit is concluded, regardless of the ultimate outcome of the audit.

Series 2010C Bonds

INTEREST ON THE SERIES 2010C BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2010C Bonds.

#4.

THE LEGAL DEFEASANCE OF THE SERIES 2010C BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE SERIES 2010C BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE SERIES 2010C BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE SERIES 2010C BONDS SHOULD ALSO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2010C BONDS. If a beneficial owner of a Series 2010C Bond fails to provide its taxpayer identification number or fails to report all interest on its federal income tax returns, payments of principal and interest made on the Series 2010C Bond will be subject to backup withholding. Beneficial owners of the Series 2010C Bonds should consult their tax advisors with respect to this and other tax consequences of ownership of the Series 2010C Bonds.

In the opinion of Bond Counsel, interest on the Series 2010C Bonds is excluded from personal income taxation by the State of California.

The following discussion is generally limited to "U.S. owners," meaning beneficial owners of Series 2010C Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. ***Partnerships holding Series 2010C Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2010C Bonds (including their status as U.S. owners).***

Certain of the Series 2010C Bonds (Discount Bonds) may be offered and sold to the public at an original issue discount (OID). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of such Bonds, provided that excess equals or exceeds a statutory *de minimis* amount (one-quarter of one percent of the Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity). The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity are sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the time a U.S. owner owns a Discount Bond (i) constitutes interest includable in the U.S. owner's gross income for federal income tax purposes and (ii) is added to the U.S. owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale, or other disposition of the Discount Bond. The effect of OID is to accelerate the recognition of taxable income during the term of the Discount Bond.

Certain of the Series 2010C Bonds (Premium Bonds) may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. If a U.S. owner purchases a Premium Bond, that owner will be considered to have purchased such a Premium Bond with "amortizable bond premium" equal in amount to such excess. The U.S. owner may elect, in accordance with the applicable provisions of Section 171 of the Code, to amortize that premium as an offset to the interest payments on the Premium Bond using a constant yield to maturity method over the remaining term of the Premium Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Premium Bond pursuant to Section 1016(a)(5) of the Code.

Owners of Discount or Premium Bonds (or book entry interests in them) should consult their own tax advisers as to the determination for federal tax purposes of the amount of OID or amortizable bond premium properly accruable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and amortizable bond premium for purposes of state or local taxes on (or based on) income.

General information reporting requirements will apply to payments of principal and interest made on Series 2010C Bonds and the proceeds of the sale of Series 2010C Bonds to non-corporate owners, and "backup withholding" at a rate of 28% will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of Series 2010C Bonds that is a U.S. owner can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Under the Code, interest and OID on any Series 2010C Bonds whose beneficial owner is a nonresident alien, foreign corporation or other non-United States person (Nonresident) are generally not subject to United States income tax or withholding tax (including backup withholding) if the Nonresident provides the payor of interest on the Series 2010C Bonds with an appropriate statement as to its status as a Nonresident. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the Nonresident conducts a trade or business in the United States and the interest or OID on the Series 2010C Bond held by the Nonresident is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding).

A copy of the proposed forms of opinions of Bond Counsel is attached hereto as Appendix F.

Non-U.S. Owners

Under the Code, interest and OID on any Series 2010C Bond whose beneficial owner is not a U.S. owner are generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Series 2010C Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest or OID on the Series 2010C Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. ***Non-U.S. owners should consult their own tax advisors regarding the tax consequences of an investment in the Series 2010C Bonds.***

Circular 230

THE FOREGOING DISCUSSION OF TAX MATTERS WITH RESPECT TO THE SERIES 2010C BONDS WAS NOT INTENDED OR WRITTEN BY BOND COUNSEL TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF THE BONDS. THE FOREGOING DISCUSSION OF TAX MATTERS WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE BONDS. EACH PROSPECTIVE PURCHASER OF THE BONDS SHOULD SEEK ADVICE BASED ON THE

#4.

PROSPECTIVE PURCHASER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

LITIGATION

There is no litigation pending and served 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 or the Trust Agreement, to contest or affect the Agency's ability to receive and pledge the Tax Revenues, or any proceedings of the Agency with respect thereto. **[Confirm]** 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 so as to impair its ability to pay principal of and interest on the Bonds when due. **[Confirm]**

RATING

The Project Second Lien Bonds

Standard & Poor's Ratings Services ("S&P") will assign its municipal bond rating of "[__]" to the Project Second Lien Bonds [based on the issuance by [BOND INSURER] of an [Insurance Policy] with respect to each of such obligations]. Such rating reflects only the views of the rating agency and an explanation of the significance of such rating and any rating on any of the Agency's outstanding obligations may be obtained only from such rating agency as follows: Standard & Poor's Ratings Services, 25 Broadway, 21st Floor, New York, New York 10004.

There is no assurance that such rating will continue for any given period or that it will not be revised downward or withdrawn entirely by such rating agency, if in its judgment, circumstances so warrant. The Agency, [BOND INSURER] and the Trustee undertake no responsibility either to notify the owners of the Project Second Lien Bonds of any revision or withdrawal of the rating or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Project Second Lien Bonds.

The Housing Second Lien Bonds

S&P will assign its municipal bond rating of "_________" to the Housing Second Lien Bonds [based on the issuance by [BOND INSURER] of an [Insurance Policy] with respect to each of such obligations]. Such rating reflects only the views of the rating agency and an explanation of the significance of such rating and any rating on any of the Agency's outstanding obligations may be obtained only from such rating agency as follows: Standard & Poor's Ratings Services, 25 Broadway, 21st Floor, New York, New York 10004.

There is no assurance that such rating will continue for any given period or that it will not be revised downward or withdrawn entirely by such rating agency, if in its judgment, circumstances so warrant. The Agency, [BOND INSURER] and the Trustee undertake no responsibility either to notify the owners of the Housing Second Lien Bonds of any revision or withdrawal of the rating or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Housing Second Lien Bonds.

INDEPENDENT ACCOUNTANTS

The financial statements of the County for the fiscal year ended June 30, 2009 included in APPENDIX C to this Official Statement, have been audited by Macias Gini & O'Connell LLP, the

Agency's independent auditor, as set forth in their report dated February 25, 2010, which also appears in APPENDIX C. Macias Gini & O'Connell LLP has not been engaged to and has not performed any procedures subsequent to the date of their report related to the financial statements included herein nor performed any procedures related to this Official Statement.

See "RISK FACTORS – Agency Audit" for additional information regarding the Agency's audited financial statements.

CONTINUING DISCLOSURE

The Agency has covenanted for the benefit of Bondholders to provide certain financial information and operating data relating to the Agency (the "Annual Report") and to provide notices of the occurrence of certain enumerated material events. The Annual Report will be filed by the Trustee or Dissemination Agent (if the Agency has appointed a Dissemination Agent) on behalf of the Agency with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System (referred to as "EMMA"). The notices of material events will be filed by the Trustee or Dissemination Agent (if the Agency has appointed a Dissemination Agent) on behalf of the Agency with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of material events as set forth in APPENDIX G – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

With respect to the Senior Obligations, for fiscal years ending June 30, 2003 through 2008, the Agency filed its Annual Report later than eight months after the end of the Agency's fiscal year. The Agency filed its Annual Report for Fiscal Year 2008-09 on March 1, 2010. As of the date of this Official Statement, the Agency is currently in compliance with the requirements of its Continuing Disclosure Agreements for the Senior Obligations.

CERTAIN LEGAL MATTERS

The legal opinion of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel, approving the validity of the Bonds, will be made available to purchasers at the time of original delivery of the Bonds. The proposed form of the legal opinion of Bond Counsel is attached hereto as APPENDIX F. Certain legal matters will be passed upon for the Underwriter by their counsel, Sidley Austin LLP, San Francisco, California. Bond Counsel and Underwriter Counsel undertake no responsibility for the accuracy, completeness, or fairness of this Official Statement. Certain legal matters will be passed upon for the Agency and for the Authority by the City Attorney. Payment of the fees of Bond Counsel is contingent upon sale and delivery of the Bonds. Richards, Watson & Gershon also acts as special counsel to the Agency and the City on a variety of legal matters.

UNDERWRITING

The Project Second Lien Bonds

The Project Second Lien Bonds will be sold to the Authority and concurrently resold by the Authority to the Underwriter. The Underwriter has agreed, subject to certain conditions, to purchase the Project Second Lien Bonds from the Authority at an aggregate purchase price of $____________. For a complete analysis of the sources and uses of funds, including the underwriter's discount and original discount, see "PLAN OF FINANCE—Project Second Lien Bonds Sources and Uses of Funds." The Purchase Contract provides that the Underwriter will be obligated to purchase all such Project Second

Lien Bonds if any such Project Second Lien Bonds are purchased. The public offering prices of such Project Second Lien Bonds may be changed from time to time by the Underwriter.

The Housing Second Lien Bonds

The Housing Second Lien Bonds will be sold to the Authority and concurrently resold by the Authority to the Underwriter. The Underwriter has agreed, subject to certain conditions, to purchase the Housing Second Lien Bonds from the Authority at an aggregate purchase price of $____________. For a complete analysis of the sources and uses of funds, including the underwriter's discount and original discount, see "PLAN OF FINANCE—Housing Second Lien Bonds Sources and Uses of Funds." The Purchase Contract provides that the Underwriter will be obligated to purchase all such Housing Second Lien Bonds if any such Housing Second Lien Bonds are purchased. The public offering prices of such Housing Second Lien Bonds may be changed from time to time by the Underwriter.

MISCELLANEOUS

All references herein to the Bonds and to the Trust Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete statements of any or all of such provisions and reference is hereby made to such documents on file with the Agency for further information in connection therewith.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so 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.

COMPTON URBAN COMMUNITY DEVELOPMENT COMMISSION, ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON

By: ________________________________

Executive Secretary

#4.

RESOLUTION SIGN-OFF FORM

DEPARTMENT: **Community Redevelopement**

RESOLUTION TITLE: **A RESOLUTION OF THE URBAN COMMUNITY DEVELOPMENT COMMISSION ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON AUTHORIZING THE SALE, ISSUANCE AND DELIVERY BY THE AGENCY OF TAX ALLOCATION BONDS, AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH SUCH BONDS, MAKING FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445 WITH RESPECT THERETO, AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO**

<ManagersName>	**<ManagersDate>**
DEPARTMENT MANAGER'S SIGNATURE	DATE

REVIEW / APPROVAL

<LegalName>	**<LegalDate>**
CITY ATTORNEY	DATE
<ControllerName>	**<ControllerDate>**
CITY CONTROLLER	DATE
<CityManager>	**<CityManagerDate>**
CITY MANAGER	DATE

Use when:

Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney's review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.