

NOTICE

The Public Finance Authority was established on November 17, 1978 through a joint powers agreement between the City of Compton and the Community Redevelopment Agency. It is a separate entity created by the two governmental entities to "Finance the acquisition of public capital improvements and to fund the working capital requirement of the public agencies that are parties to the agreement by using such financing techniques as are permitted by law." 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.

**PUBLIC FINANCE AUTHORITY
AGENDA
Tuesday, May 25, 2010
2:45 PM**

WORKSHOP(S)

OPENING

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

ROLL CALL

PUBLIC COMMENTS ON AGENDA AND NON-AGENDA ITEMS

APPROVAL OF MINUTES

1. May 11, 2010

UNFINISHED BUSINESS

NEW BUSINESS

2. A RESOLUTION OF THE COMPTON PUBLIC FINANCE AUTHORITY
APPROVING THE EXECUTION AND DELIVERY OF A BOND PURCHASE
CONTRACT AND ESTABLISHING A COMMITTEE TO PROVIDE
REPORTS IN CONNECTION THEREWITH

DIRECTOR COMMENTS

ADJOURNMENT

MAY 11, 2010

The Public Finance Authority meeting was called to order at 3:33 p.m. in the Council Chambers of City Hall by Chairperson Pro-Tem Willie Jones.

ROLL CALL

Board Members Present: Calhoun, Dobson, Jones

Board Members Absent: Arceneaux, Perrodin

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

PUBLIC COMMENTS ON AGENDA AND NON-AGENDA ITEMS

Lynn Boone, Compton resident, commended the series of questions asked by Director Arceneaux, in regards to the Community Redevelopment Agency's (Agency) proposed sale of tax allocation bonds to fulfill their monetary obligations to the State of California. Ms. Boone accused the Director of the Agency of lying about the use of the tax allocation bonds being expended to fulfill the City's obligations to the State. Ms. Boone stated that those funds were being allocated towards the re-establishment of the Compton Police Department.

Joyce Kelly, Compton resident, stated that the revised copy of the tax allocation bond report suggests that the bonds would be sold for 94 million dollars at a 6.82% interest rate. Ms. Kelly charged that the citizens of Compton would be held responsible for the repayment of those bonds, contending that the Agency would not acquire enough funds to make those payments at that rate. Ms. Kelly claimed that the City of Compton has the highest property taxes in California, because this Body continues to approve bond sales.

APPROVAL OF MINUTES

1. April 13, 2010
April 27, 2010

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

AYES: Board Members - Calhoun, Dobson, Jones

NOES: Board Members - None

ABSENT: Board Members - Arceneaux, Perrodin

UNFINISHED BUSINESS - There was no Unfinished Business.

NEW BUSINESS - There was no New Business.

DIRECTOR COMMENTS - There were no Director Comments.

#1.

ADJOURNMENT

On motion by Calhoun, seconded by Dobson, the meeting was adjourned at 3:44 p.m., by the following vote on roll call:

AYES: Board Members - Calhoun, Dobson, Jones

NOES: Board Members - None

ABSENT: Board Members - Arceneaux, Perrodin

Clerk of the Public Finance Authority

Chairperson of the Public Finance Authority

May 25, 2010

TO: CHAIRMAN AND COMMISSIONERS

FROM: EXECUTIVE SECRETARY

SUBJECT: APPROVAL OF A RESOLUTION OF THE COMPTON PUBLIC FINANCE AUTHORITY APPROVING THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT AND ESTABLISHING A COMMITTEE TO PROVIDE REPORTS IN CONNECTION THEREWITH

RECOMMENDATION:

That the Board of Directors of the Compton Public Finance Authority (the “Authority”) approve the execution and delivery of a bond purchase contract and establishing a committee to provide reports in connection therewith.

BACKGROUND:

On May 18, the Compton Urban Community Development Commission, acting as Community Redevelopment Agency of the City of Compton (the “Agency”), and the City Council of the City approved the issuance of by the Agency of tax allocation bonds (the “2010 Bonds”) secured by certain tax increment revenues allocated and paid to the Agency pursuant to the Community Redevelopment Law, together with related documents for the issuance of the 2010 Bonds including a form of Bond Purchase Contract. The Board of Directors of the Authority are requested to approve the execution by the Authority of the Bond Purchase Contract to assist the Agency in its sale of the 2010 Bonds. Pursuant to the attached Resolution, a reporting committee will be established and provide quarterly information to the Board of Directors of the Authority with respect to the 2010 Bonds.

DISCUSSION:

The Authority was formed by the City and the Agency in 1987 under the Joint Exercise of Powers Act (Government Code Section 6500, *et seq.*) (the “Joint Powers Act”). The Joint Powers Act provides that a joint powers entity, such as the Authority, may assist the Agency to enable the sale of tax increment-secured bonds by negotiated sale, whereby the underwriter for the bonds is selected in advance and works with the issuer and the financing team to generate the offering document for the bonds prior to marketing the bonds. Oftentimes, a negotiated sale may result in more advantageous pricing terms (such as interest rate, underwriter’s discount, etc.) than a competitive sale. In consultation with its Financial Advisor, Fieldman Rolapp & Associates, the Agency has determined

#2.

that the negotiated sale of the 2010 Bonds with Grigsby & Associates, Inc. as underwriter, will be more advantageous than a competitive sale, because Grigsby & Associates, Inc. has served as underwriter for the City of Compton and the Agency in a number of their bond issuances and has much familiarity with Compton over many years, as well as relationships with investors who have purchased bonds of the City and the Agency for their investment portfolios and are familiar with the Agency's credit. Approval of the execution by the Authority of the Bond Purchase Contract will assist the Agency in its sale of the 2010 Bonds via negotiated sale.

Also, approval of the attached resolution will establish a reporting committee with respect to the 2010 Bonds, consisting of the Public Finance Authority Board Member, Executive Secretary and the Community Redevelopment Director. The reporting committee will meet on at least a quarterly basis and compile and submit to the Board of Directors of the Authority (to file and receive for informational purposes, and not as an action item) a quarterly report containing information regarding the status of the Agency's filings under the Continuing Disclosure Agreement to be executed by the Agency in connection with the issuance of the 2010 Bonds, together with a copy of such filings, and to the extent any proceeds of the 2010 Bonds are unexpended at the applicable time, a description of the status of projects funded by proceeds of the 2010 Bonds.

CHARLES EVANS
EXECUTIVE SECRETARY

RESOLUTION NO. _____

**A RESOLUTION OF THE COMPTON PUBLIC FINANCE
AUTHORITY APPROVING THE EXECUTION AND
DELIVERY OF A BOND PURCHASE CONTRACT AND
ESTABLISHING A COMMITTEE TO PROVIDE REPORTS
IN CONNECTION THEREWITH**

WHEREAS, the Community Redevelopment Agency of the City of Compton (the “Agency”) is a redevelopment agency authorized pursuant to the Community Redevelopment Law of the State of California, being Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the “Law”) to incur indebtedness for the purpose of financing and refinancing certain redevelopment activities for the benefit of its redevelopment project areas; and

WHEREAS, the Agency desires to issue its (i) Compton Redevelopment Project Second Lien Tax Allocation Bonds (Housing), Series 2010A, (ii) Compton Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010B, and (iii) Compton Redevelopment Project Second Lien Tax Allocation Bonds (Taxable), Series 2010C (collectively, the “2010 Bonds”); and

WHEREAS, by its Resolution No. 1800 adopted on May 18, 2010, the Compton Urban Community Development Commission, acting as the Agency, has duly approved the issuance of the 2010 Bonds, subject to the conditions therein, and by its Resolution No. 23,110 adopted on May 18, 2010, pursuant to Section 33640 of the Law, the City Council has duly approved the issuance of the 2010 Bonds by the Agency; and

WHEREAS, pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (being Article 4, Chapter 5, Division 7, Title 1 of the California Government Code), the Compton Public Finance Authority (the “Authority”) has the authority to purchase and resell the 2010 Bonds; and

WHEREAS, there has been presented to the Authority the form of a Bond Purchase Contract (the “Purchase Contract”) proposed to be entered into by and among the Authority, the Agency, and Grigsby & Associates, Inc., as the underwriter with respect to the 2010 Bonds; and

WHEREAS, in connection with the 2010 Bonds, the Authority desires to appoint a committee that will meet at on a quarterly basis to compile and provide reports to the Board of Directors of the Authority (the “Authority Board”) as set forth herein;

NOW, THEREFORE, THE COMPTON PUBLIC FINANCE AUTHORITY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

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

Section 2. Purchase Contract. The Purchase Contract in the form presented and on file with the Secretary of the Authority and the purchase and resale of the 2010 Bonds pursuant to the Purchase Contract upon the terms and conditions set forth therein are hereby approved. Subject to the parameters set forth in the Resolution of the Agency authorizing the sale and issuance of the 2010 Bonds, each of the Chairman and Executive Secretary (each, an “Authorized Officer”), acting singly, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Purchase Contract in substantially said form, with such changes therein as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer’s execution and delivery thereof).

Section 3. Establishment of 2010 Bonds Reporting Committee. The Reporting Committee with respect to the 2010 Bonds (the “Reporting Committee”) is hereby established with two (2) members, consisting of the following officials: (i) City Manager and (ii) Redevelopment Director. The Reporting Committee shall meet on a quarterly basis and shall compile and submit to the Authority Board (to file and receive for informational purposes, and not as an action item) a quarterly report containing the following information:

(a) a list of filings made by the Agency in the then current fiscal year (including the respective dates of such filings) in accordance with the Continuing Disclosure Agreement (the “Disclosure Agreement”) executed by the Agency in connection with the issuance of the 2010 Bonds, in furtherance of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934;

(b) a copy of each material event notice, if any, filed by the Agency pursuant to Section 5 of the Disclosure Agreement since the date of the prior quarterly report of the Reporting Committee to the Authority Board;

(c) for the quarterly report to the Authority Board covering the period in which such Annual Report is filed, a copy of the Annual Report filed by the Agency pursuant to Section 4 of the Disclosure Agreement; and

(d) to the extent any proceeds of the 2010 Bonds are unexpended at the applicable time, a description of the status of projects funded by proceeds of the 2010 Bonds.

Section 4. **Other Acts.** Each Authorized Officer and the other officers of the Authority are hereby authorized and directed, jointly and severally, to execute and deliver any and all documents and instruments which they may deem necessary or proper in connection with the purchase and resale of the Bonds as described above, or otherwise to effectuate the purposes of this Resolution and the Purchase Contract, and any such actions previously taken by such officers are hereby ratified, confirmed and approved.

Section 5. **Effective Date.** This Resolution shall take effect immediately upon adoption.

ADOPTED this _____ day of _____ 2010.

**CHAIRMAN OF THE PUBLIC FINANCE
AUTHORITY COMMISSION**

RESOLUTION NO. _____

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ATTEST:

CLERK OF THE PUBLIC FINANCE
AUTHORITY COMMISSON

STATE OF CALIFORNIA
COUNCIL OF LOS ANGELS
CITY OF COMPTON: ss

I, Alita Godwin, Clerk of the Commission, hereby certify that the foregoing 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-
ABSTAIN: Commissioners-
ABSENT: Commissioners-

CLERK OF THE PUBLIC FINANCE
AUTHORITY COMMISSION

**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

**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.

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 (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 June 1, 2010 (the "Sixth Supplemental Trust Agreement"), the Seventh Supplemental Trust Agreement relating to the Series 2010B Bonds, dated as of June 1, 2010 (the "Seventh Supplemental Trust Agreement"), the Eighth Supplemental Trust Agreement relating

to the Series 2010C Bonds, dated as of June 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 (the “SERAF payments”) in Fiscal Year 2009-10 (as reimbursement to the Agency for its remittance made by the May 10, 2010 deadline from other authorized and available funds) and, if necessary, in 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 (iv) pay the costs of issuance of the Project 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 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 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.

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 Appendix A 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 May 18, 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 June __, 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, lease agreement, 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 not failed to comply timely with the 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, 33334.16 and 33487 of the Redevelopment Law, and has complied with the filing requirements of Article 6 of Chapter 1 of the Redevelopment Law, including, but not limited to, Sections 33080(a), 33080(b), 33080.1, and 33675.

(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) *Agency Representation Regarding Payment to Compton Unified School District.* 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) it will promptly set aside, transfer, and deposit into a segregated fund established and held by the Agency the amount of \$1,700,000.00 from the proceeds of the 2010C Bonds.

(ii) monies (including any investments thereof and investment earnings thereon) on deposit in such segregated fund shall be used first solely for the purpose of paying to the Compton Unified School District (the "School District") the aggregate amount required to resolve the Agency's aggregate outstanding payment obligation to the School District under the School District Agreement.

(iii) only if any excess set-aside funds remain after payment of such amount to the School District shall such remaining excess funds become available to the Agency for any lawful purpose of the Agency.

(iv) To the best of its knowledge 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, including but not limited to the information and statements under the caption, "SECURITY FOR THE BONDS – Tax Sharing Agreements."

(e) *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, 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 [sections __ of] the Official Statement, and based upon the information made available to such counsel in the course of its participation in the preparation [of sections __] 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, 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 May 18, 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, 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 May 18, 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;

(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, 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 or the Agency Documents 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 “A-” 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 Appendix C.

(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) *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: Jerry Liang

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.

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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

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
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**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:	\$

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
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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 [May __, 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

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 May __, 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.

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,” “RISK FACTORS – Concentration of Ownership,” “RISK FACTORS – Reduction in Inflationary Rate,” “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 Seventh and Eighth 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

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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: June __, 2010

KATZ HOLLIS

By: _____
Name: _____
Title: _____