NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: **Series 2009A Bonds: Moody's: "Baa2"**
Series 2009B Bonds: Moody's: "Baa1"
(See "RATINGS.")

In the opinion of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel to the bond issuer, the Bakersfield Redevelopment Agency (the "Agency"), based upon an analysis of existing statutes, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2009A Bonds and the Series 2009B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), and interest on the Series 2009A Bonds and Series 2009B Bonds is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2009A Bonds and the Series 2009B Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2009A Bonds and Series 2009B Bonds. See "TAX MATTERS."

$2,090,000
BAKERSFIELD REDEVELOPMENT AGENCY
Tax Allocation Bonds, Series 2009A
(Tax-Exempt – Tax Increment Revenue)
Old Town Kern-Pioneer Redevelopment Project
(Bank Qualified)

$1,240,000
BAKERSFIELD REDEVELOPMENT AGENCY
Tax Allocation Bonds, Series 2009B
(Tax-Exempt – Tax Increment Revenue)
Southeast Bakersfield Redevelopment Project
(Bank Qualified)

Dated: Date of Delivery **Due: August 1, as shown on inside cover**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Agency is issuing the following series of bonds: (i) the Bakersfield Redevelopment Agency Tax Allocation Bonds, Series 2009A (Tax-Exempt – Tax Increment Revenue), Old Town Kern-Pioneer Redevelopment Project, in the aggregate principal amount of $2,090,000 (the "Series 2009A Bonds"), and (ii) the Bakersfield Redevelopment Agency Tax Allocation Bonds, Series 2009B (Tax-Exempt – Tax Increment Revenue), Southeast Bakersfield Redevelopment Project, in the aggregate principal amount of $1,240,000 (the "Series 2009B Bonds"). The Series 2009A Bonds and the Series 2009B Bonds are collectively referred to herein as the "Bonds."

Each series of Bonds is being issued pursuant to the California Constitution and under authority granted to the Agency by the California Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code, as amended, and pursuant to Resolution No. RA006-09, adopted by the Agency on March 31, 2009, and Resolution No. 034-09, adopted by the City Council of the City of Bakersfield on April 1, 2009. The Series 2009A Bonds are being issued pursuant to the provisions of an Indenture, dated as of July 1, 2009 (the "Series 2009A Indenture"), by and between the Agency and U.S. Bank National Association, a national banking association, as trustee (the "Trustee"). The Series 2009B Bonds are being issued pursuant to the provisions of an Indenture, dated as of July 1, 2009 (the "Series 2009B Indenture"), by and between the Agency and the Trustee. The Series 2009A Indenture and the Series 2009B Indenture are collectively referred to herein as the "Indentures." See "THE BONDS" and "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES."

Proceeds from the sale of each series of Bonds will be used (i) to finance redevelopment activities in one or more of the Project Areas (as defined herein), as more particularly described herein, (ii) to fund reserve accounts established under the applicable Indentures, and (iii) to pay certain costs related to the issuance and sale of each series of Bonds. See "THE FINANCING PLAN – Estimated Sources and Uses of Bond Proceeds," "THE PROJECT AREAS," and "FACILITIES TO BE FINANCED WITH BOND PROCEEDS."

Each series of Bonds will be delivered in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for each series of Bonds. Individual purchases of Bonds in each series may be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Bonds of any series purchased. See "THE BONDS – Book-Entry Only System."

Payments of principal of and interest on each series of Bonds will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to beneficial owners of the applicable Bonds as described herein. Interest on each series of Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2010, until the maturity or the earlier redemption thereof. Principal and any redemption premiums with respect to each Bond will be paid upon surrender of such Bond at the principal corporate trust office of the Trustee upon maturity or the earlier redemption thereof. See "THE BONDS – Description of Each Series of Bonds."

The Bonds of each series are subject to optional and mandatory sinking account redemption prior to their respective stated maturities as described herein.

THE BONDS OF EACH SERIES ARE LIMITED OBLIGATIONS OF THE AGENCY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE AMOUNTS PLEDGED THEREFOR UNDER THE APPLICABLE INDENTURE, WHICH AMOUNTS ARE COMPRISED OF NET TAX INCREMENT REVENUES AND MONEYS HELD IN CERTAIN OF THE FUNDS ESTABLISHED UNDER SUCH APPLICABLE INDENTURE. NEITHER THE BONDS OF EACH SERIES NOR THE OBLIGATIONS OF THE AGENCY UNDER THE RESPECTIVE INDENTURES REPRESENT DEBTS OF THE CITY OF BAKERSFIELD, CALIFORNIA (THE "CITY"), THE STATE OF CALIFORNIA (THE "STATE"), OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE AGENCY), AND NONE OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE AGENCY) IS LIABLE FOR ANY OF THE BONDS. THE BONDS OF EACH SERIES DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AGENCY NOR ANY PERSONS EXECUTING THE BONDS OF ANY SERIES ARE LIABLE PERSONALLY ON SUCH BONDS BY REASON OF THEIR ISSUANCE. THE AGENCY HAS NO TAXING POWER.

[SEE MATURITY SCHEDULES ON INSIDE COVER]

Upon the issuance of each series of Bonds, such Bonds will be sold by the Agency to the Bakersfield Public Financing Authority (the "Authority"), and concurrently resold by the Authority to George K. Baum & Company, as underwriter (the "Underwriter"), pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code, and pursuant to the terms of a bond purchase agreement by and among the Agency, the Authority, and the Underwriter. See "THE FINANCING PLAN," "THE AUTHORITY," and "UNDERWRITING."

The Bonds of each series are offered when, as, and if delivered to and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the Agency by the City Attorney, acting as General Counsel to the Agency, by Aleshire & Wynder, LLP, Irvine, California, Deputy Special Counsel, and by Goodwin Procter LLP, Los Angeles, California, Disclosure Counsel. It is anticipated that the Bonds of each series in book-entry form will be available for delivery to DTC in New York, New York, on or about July 8, 2009.

George K. Baum & Company

Dated: June 19, 2009.

MATURITY SCHEDULES

SERIES 2009A BONDS

$2,090,000 7.500% Term Series 2009A Bonds due August 1, 2029 Yield: 8.125% CUSIP [1] No. 057518 BA9

SERIES 2009B BONDS

$1,240,000 7.250% Term Series 2009B Bonds due August 1, 2029 Yield: 7.625% CUSIP [1] No. 057518 BB7

No dealer, broker, salesperson, or other person has been authorized by the Agency or George K. Baum & Company (the "Underwriter"), to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds of any series, nor shall there be any sale of the Bonds of any series, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

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

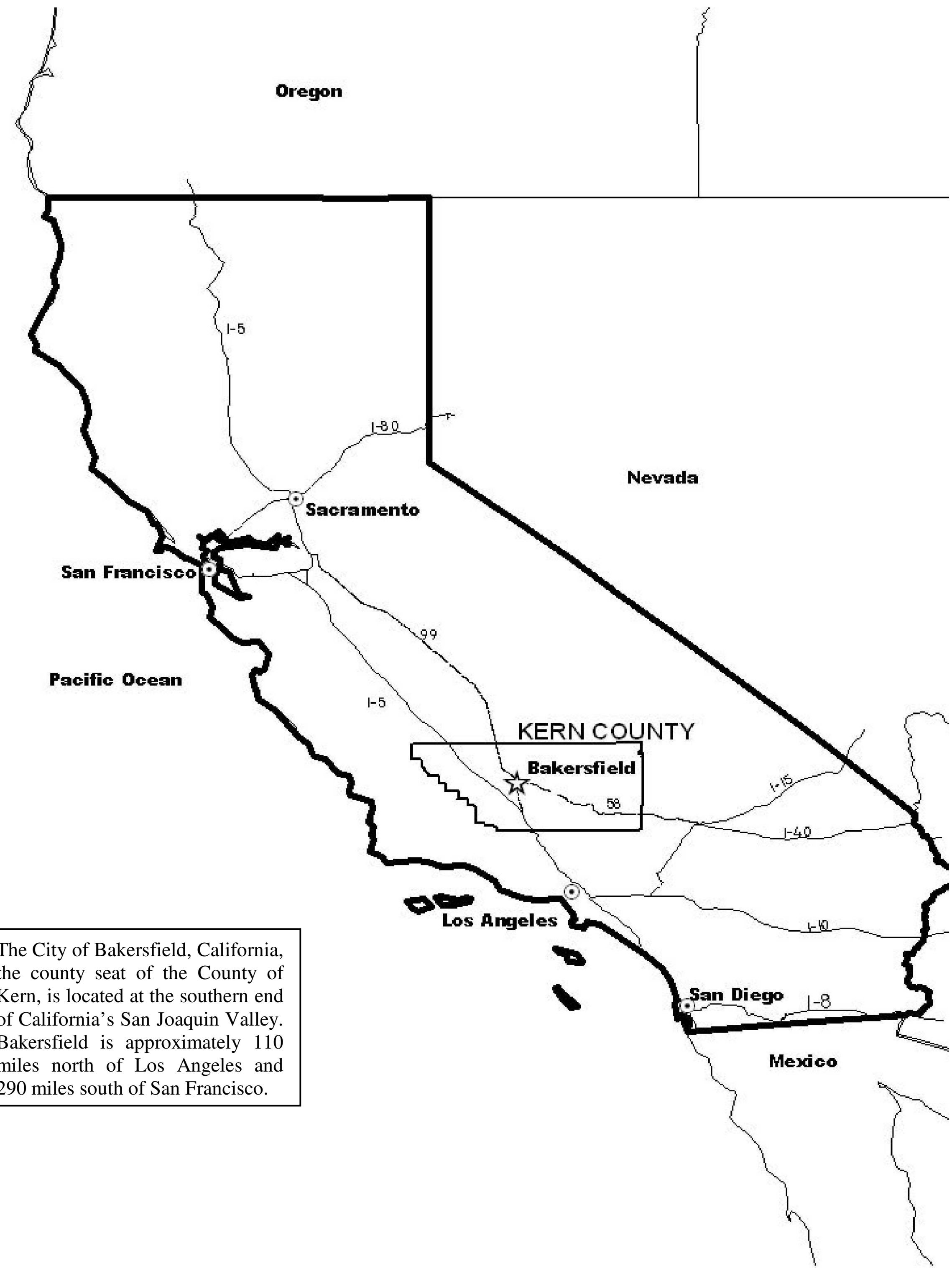
The information set forth in this Official Statement has been obtained from the Agency and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by the Agency. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Agency or the City of Bakersfield, California, since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

NONE OF THE BONDS HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. NONE OF THE BONDS HAS BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

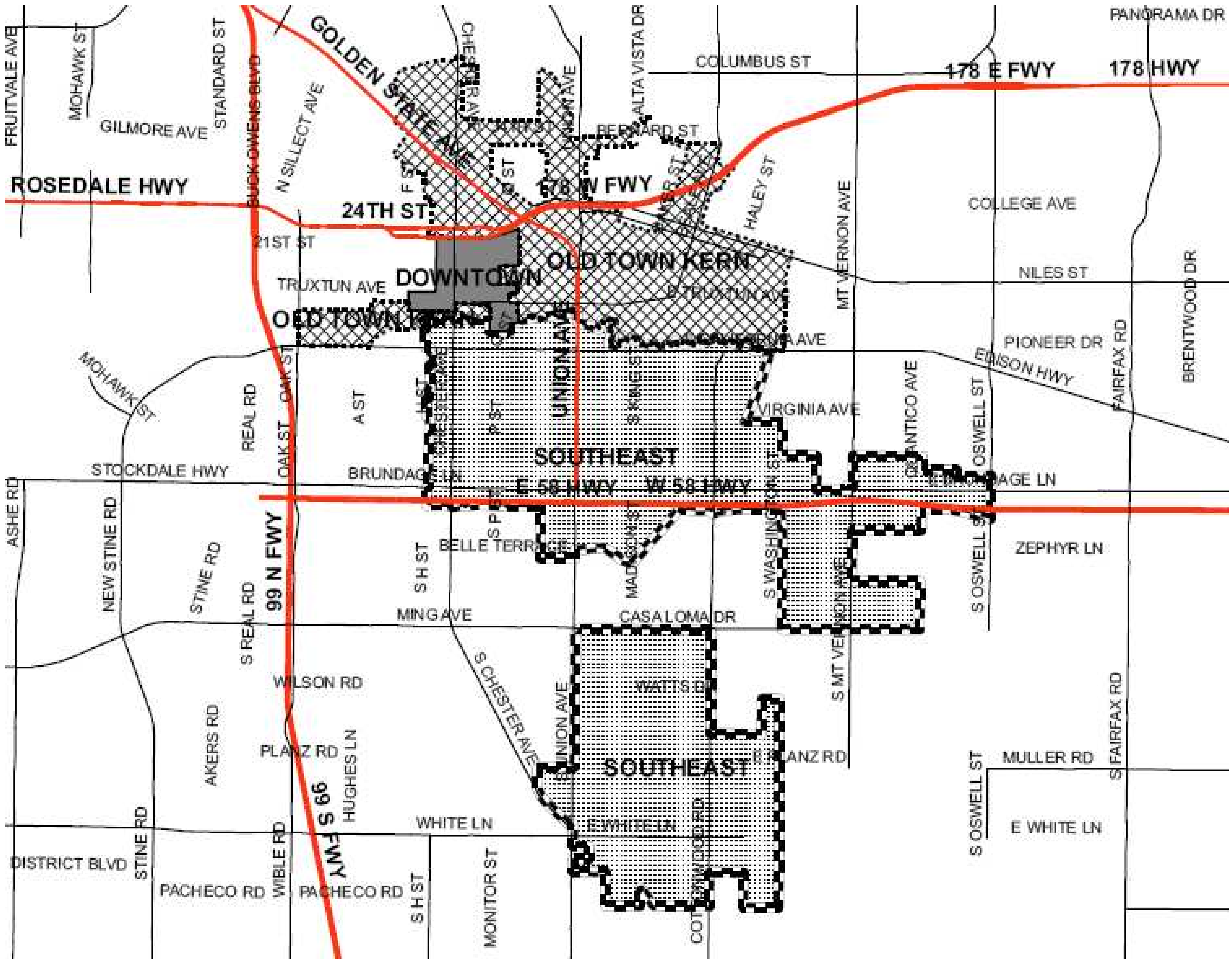
IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OF ANY SERIES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.



The City of Bakersfield, California, the county seat of the County of Kern, is located at the southern end of California's San Joaquin Valley. Bakersfield is approximately 110 miles north of Los Angeles and 290 miles south of San Francisco.

BAKERSFIELD REDEVELOPMENT AGENCY

MAP OF PROJECT AREAS



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$2,090,000	$1,240,000
BAKERSFIELD REDEVELOPMENT AGENCY	**BAKERSFIELD REDEVELOPMENT AGENCY**
Tax Allocation Bonds, Series 2009A	**Tax Allocation Bonds, Series 2009B**
(Tax-Exempt – Tax Increment Revenue)	**(Tax-Exempt – Tax Increment Revenue)**
Old Town Kern-Pioneer Redevelopment Project	**Southeast Bakersfield Redevelopment Project**
(Bank Qualified)	**(Bank Qualified)**

INTRODUCTION

This Official Statement, which includes the cover page, Table of Contents, and Appendices (the "Official Statement"), provides certain information concerning the issuance of the following series of bonds: (i) the Bakersfield Redevelopment Agency Tax Allocation Bonds, Series 2009A (Tax-Exempt – Tax Increment Revenue), Old Town Kern-Pioneer Redevelopment Project, in the aggregate principal amount of $2,090,000 (the "Series 2009A Bonds"), and (ii) the Bakersfield Redevelopment Agency Tax Allocation Bonds, Series 2009B (Tax-Exempt – Tax Increment Revenue), Southeast Bakersfield Redevelopment Project, in the aggregate principal amount of $1,240,000 (the "Series 2009B Bonds"). The Series 2009A Bonds and the Series 2009B Bonds are collectively referred to herein as the "Bonds." Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all terms and conditions therein. All statements in this Official Statement are qualified in their entirety by reference to the applicable documents.

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of each series of Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms relating to the Series 2009A Bonds and not otherwise defined herein shall have the meanings ascribed to them in "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES – Summary of Indenture Related to the Series 2009A Bonds – Definitions." Capitalized terms relating to the Series 2009B Bonds and not otherwise defined herein shall have the meanings ascribed to them in "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES – Summary of Indenture Related to the Series 2009B Bonds – Definitions."

Authorization

Each series of Bonds is being issued by the Bakersfield Redevelopment Agency, a public body corporate and politic (the "Agency"), pursuant to the California Constitution and under authority granted to the Agency by the California Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code, as amended (the "Law"), and pursuant to Resolution No. RA006-09, adopted by the Agency on March 31, 2009, and Resolution No. 034-09, adopted by the City Council (the "City Counsel" of the City of Bakersfield (the "City") on April 1, 2009 (collectively, the "Bond Resolutions"). The Series 2009A Bonds are being issued pursuant to the provisions of an Indenture, dated as of July 1, 2009 (the "Series 2009A Indenture"), by and between the Agency and U.S. Bank National Association, a national banking association, as trustee (the "Trustee"). The Series 2009B Bonds are being issued pursuant to the provisions of an Indenture, dated as of July 1, 2009 (the "Series 2009B Indenture"), by and between the Agency and the Trustee. The Series 2009A Indenture and the Series 2009B Indenture are each referred to herein as an "Indenture" and collectively referred to herein as the "Indentures." See "THE BONDS" and "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES."

Upon the issuance of each series of Bonds, such Bonds will be sold by the Agency to the Bakersfield Public Financing Authority (the "Authority") and concurrently resold by the Authority to George K. Baum & Company, as underwriter (the "Underwriter"), pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the "Marks-Roos Act"), and pursuant to the terms of a bond purchase agreement by and among the Agency, the Authority, and the Underwriter (the "Bond Purchase Agreement"). See "THE FINANCING PLAN," "THE AUTHORITY," and "UNDERWRITING."

Purpose of Issuance

The Series 2009A Bonds. Proceeds from the sale of the Series 2009A Bonds will be used (i) to finance redevelopment activities in the Old Town Kern-Pioneer Project Area (as defined herein), as more particularly described herein, (ii) to fund the reserve account established under the Series 2009A Indenture, and (iii) to pay certain costs related to the issuance and sale of the Series 2009A Bonds. See "THE FINANCING PLAN – Estimated Sources and Uses of Bond Proceeds," "THE PROJECT AREAS," and "FACILITIES TO BE FINANCED WITH BOND PROCEEDS."

The Series 2009B Bonds. Proceeds from the sale of the Series 2009B Bonds will be used (i) to finance redevelopment activities in the Southeast Project Area (as defined herein), as more particularly described herein, (ii) to fund the reserve account established under the Series 2009B Indenture, and (iii) to pay certain costs related to the issuance and sale of the Series 2009B Bonds. See "THE FINANCING PLAN – Estimated Sources and Uses of Bond Proceeds," "THE PROJECT AREAS," and "FACILITIES TO BE FINANCED WITH BOND PROCEEDS."

Registration, Maturity, and Payment of Bonds

The Bonds of each series will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, which will act as securities depository for such Bonds. The Bonds of each series will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on inside cover page hereof. See "THE BONDS – Authority for Issuance; Limited Obligations," and "– Book-Entry Only System."

Interest on the Bonds of each series is payable semiannually on February 1 and August 1, commencing February 1, 2010 (each, an "Interest Payment Date"), until the maturity or earlier redemption thereof, and will be paid by check, mailed by first class mail to each person whose name appears on the bond registration books of the Trustee as the registered owner thereof (each, an "Owner"), at such Owner's address as it appears on such bond registration books, or, upon written request received by the Trustee prior to the fifteenth calendar day of the month preceding an Interest Payment Date, of an Owner of at least $1,000,000 in aggregate principal amount of the Bonds of the applicable series, by wire transfer in immediately available funds to an account in the United States designated by such Owner. Principal of and redemption premiums, if any, on the Bonds of each series will be payable upon the surrender thereof at maturity or the earlier redemption thereof at the principal corporate trust office of the Trustee in Los Angeles, California. Principal of and redemption premiums, if any, and interest on the Bonds of each series will be paid in lawful money of the United States of America. See "THE BONDS – Description of Each Series of Bonds."

Redemption of Series 2009A Bonds

Optional Redemption of Series 2009A Bonds. The Series 2009A Bonds are subject to optional redemption prior to their stated maturity date from any source of available funds at the option of the Agency, on any date on or after August 1, 2019, as a whole or in part, and by lot within a maturity, at a redemption price equal to the principal amount of the Series 2009A Bonds being redeemed, without premium, plus interest accrued thereon, if any, to the date fixed for redemption. See "THE BONDS – Redemption Provisions – Optional Redemption of Series 2009A Bonds."

Mandatory Sinking Account Redemption of Term Series 2009A Bonds. The Series 2009A Bonds maturing on August 1, 2029 (the "Term Series 2009A Bonds"), are subject to redemption in part by lot prior to their stated maturity dates, from mandatory sinking account payments made by the Agency on August 1 of each year as described herein. The Term Series 2009A Bonds are subject to mandatory sinking account redemption at a redemption price equal to the designated principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium. See "THE BONDS – Redemption Provisions – Mandatory Sinking Account Redemption of Series 2009A Bonds."

Purchase of Term Series 2009A Bonds In Lieu of Mandatory Redemption. In lieu of the mandatory sinking account redemption of any Term Series 2009A Bonds, amounts on deposit in the Debt Service and Reserve Fund (OTK-P) established under the Series 2009A Indenture, which amounts are available for deposit or deposited in the Term Bond Sinking Account therein, may also be used and withdrawn by the Trustee at any time, upon the written request of the Agency, for the purchase of such Term Series 2009A Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Agency may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. Any accrued interest payable upon the purchase of any Term Series 2009A Bonds shall be paid from amounts held in the Debt Service and Reserve Fund (OTK-P) for the payment of interest on the next following Interest Payment Date. The principal amount of any Term Series 2009A Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to any applicable Sinking Account Payment Date in any year shall be credited towards and shall reduce the principal amount of such Term Series 2009A Bonds required to be redeemed on such Sinking Account Payment Date in such year. See "THE BONDS – Redemption Provisions – Purchase of Term Series 2009A Bonds In Lieu of Mandatory Redemption."

Redemption of Series 2009B Bonds

Optional Redemption of Series 2009B Bonds. The Series 2009B Bonds are subject to optional redemption prior to their stated maturity date from any source of available funds at the option of the Agency, on any date on or after August 1, 2019, as a whole or in part, and by lot within a maturity, at a redemption price equal to the principal amount of the Series 2009B Bonds being redeemed, without premium, plus interest accrued thereon, if any, to the date fixed for redemption. See "THE BONDS – Redemption Provisions – Optional Redemption of Series 2009B Bonds."

Mandatory Sinking Account Redemption of Term Series 2009B Bonds. The Series 2009B Bonds maturing on August 1, 2029 (the "Term Series 2009B Bonds"), are subject to redemption in part by lot prior to their stated maturity dates, from mandatory sinking account payments made by the Agency on August 1 of each year as described herein. The Term Series 2009B Bonds are subject to mandatory sinking account redemption at a redemption price equal to the designated principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium. See "THE BONDS – Redemption Provisions – Mandatory Sinking Account Redemption of Series 2009B Bonds."

Purchase of Term Series 2009B Bonds In Lieu of Mandatory Redemption. In lieu of the mandatory sinking account redemption of any Term Series 2009B Bonds, amounts on deposit in the Debt Service and Reserve Fund (SE) established under the Series 2009B Indenture, which amounts are available for deposit or deposited in the Term Bond Sinking Account therein, may also be used and withdrawn by the Trustee at any time, upon the written request of the Agency, for the purchase of such Term Series 2009B Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Agency may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. Any accrued interest payable upon the purchase of any Term Series 2009B Bonds shall be paid from amounts held in the Debt Service and Reserve Fund (SE) for the payment of interest on the next following Interest Payment Date. The principal amount of any Term Series 2009B Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to any applicable Sinking Account Payment Date in any year shall be credited towards and shall reduce the principal amount of such Term Series 2009B Bonds required to be redeemed on such Sinking Account Payment Date in such year. See "THE BONDS – Redemption Provisions – Purchase of Term Series 2009B Bonds In Lieu of Mandatory Redemption."

The Project Areas

The City has adopted redevelopment plans for the Old Town Kern-Pioneer Redevelopment Project Area (the "Old Town Kern-Pioneer Project Area") and the Southeast Bakersfield Redevelopment Project Area (the "Southeast Project Area"), which are within the City's boundaries. Proceeds from the sale of the Bonds will be used in part to finance redevelopment activities in the Old Town Kern-Pioneer Project Area or the Southeast Project Area (collectively, the "Project Areas"), as applicable, which are more particularly described below.

The Old Town Kern-Pioneer Project Area. The City approved the redevelopment plan for the Old Town Kern-Pioneer Project Area (the "Old Town Kern-Pioneer Redevelopment Plan") pursuant to Ordinance No. 3904, adopted by the City Council on June 30, 1999 (the "Old Town Kern-Pioneer Ordinance"). The Old Town Kern-Pioneer Redevelopment Plan is scheduled to terminate on June 30, 2029, and provides that the total outstanding principal amount of any bonds issued and repayable from tax increment generated from the Old Town Kern-Pioneer Project Area shall not exceed $141 million at any one time. The Old Town Kern-Pioneer Project Area encompasses approximately 1,970 acres of land in the eastern portion of the City, and is generally located north of California Avenue and south of Columbus Street, between Oak Street on the west and Virginia Street on the east. The Old Town Kern-Pioneer Project Area is zoned for a combination of public, commercial, industrial, and residential uses. See THE PROJECT AREAS – The Old Town Kern-Pioneer Project Area."

The Southeast Project Area. The City approved the original redevelopment plan for the Southeast Project Area pursuant to Ordinance No. 3905, adopted by the City Council on June 30, 1999 (the "Southeast Ordinance"). The City subsequently amended the redevelopment plan for the Southeast Project Area pursuant to Ordinance No. 4002, adopted by the City Council on March 28, 2001. The redevelopment plan for the Southeast Project Area, as amended, is referred to herein as the "Southeast Redevelopment Plan." The Southeast Redevelopment Plan is scheduled to terminate on June 30, 2029, and provides that the total outstanding principal amount of any bonds issued and repayable from tax increment generated from the Southeast Project Area shall not exceed $94 million at any one time. The Southeast Project Area encompasses approximately 4,755 acres of land in the southeastern portion of the City, and is comprised of two non-contiguous sub areas. The larger sub area is generally located between "H" Street and Oswell Street, from north of California Avenue to south of California State Route 58. The smaller sub area is generally located between Casa Loma Drive and Pacheco Road, from Union Avenue to east of Cottonwood Road. The Southeast Project Area is primarily zoned for residential uses, but also includes sizable public, commercial, and industrial components. See THE PROJECT AREAS – The Southeast Project Area."

Outstanding Parity Debt – Series 2009A Bonds

The Agency has previously entered into the CIEDB Loan Agreement (as defined herein), pursuant to which the Agency borrowed the CIEDB Loan (as defined herein) in the amount of $10,000,000. The effective date of the CIEDB Loan is February 1, 2008, and the term of the CIEDB Loan is 30 years from such effective date. Repayment of the CIEDB Loan is secured by Net Tax Increment Revenues (as defined herein) generated in the Old Town Kern-Pioneer Project Area and the

Agency's obligation to repay the CIEDB Loan is on a parity with the Series 2009A Bonds. See "SECURITY FOR THE SERIES 2009A BONDS – Outstanding Parity Debt."

Outstanding Senior Debt – Series 2009A Bonds

The Agency has previously entered into a loan agreement with the United States Department of Housing and Urban Development ("HUD") pursuant to a Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. Section 5308, dated July 30, 2003 ("HUD Loan No. 1"), pursuant to which the Agency borrowed $1,000,000, payable within a term of 20 years, to finance redevelopment activities in the Old Town Kern-Pioneer Project Area. Repayment of HUD Loan No. 1 is secured by a lien on Tax Increment Revenues (as defined herein) generated within the Old Town Kern-Pioneer Project Area, which lien is superior to the lien that secures the repayment of the Series 2009A Bonds and the CIEDB Loan. See "SECURITY FOR THE SERIES 2009A BONDS – Outstanding Senior Debt – Series 2009A Bonds" and " – Prohibition Against Additional Senior Debt."

Outstanding Senior Debt – Series 2009B Bonds

The Agency has previously entered into loan agreements with HUD as follows: (1) a Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. Section 5308, dated September 13, 2006 ("HUD Loan No. 2"), pursuant to which the Agency borrowed $1,600,000, payable within a term of 20 years, to assist in financing a fire station within the Southeast Project Area; and (2) a Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. Section 5308, dated July 31, 2007 ("HUD Loan No. 3"), pursuant to which the Agency borrowed $3,750,000, payable within a term of 20 years, to finance the Mill Creek Mixed-Use Project within the Southeast Project Area. Repayment of HUD Loan No. 2 and HUD Loan No. 3 is secured by a lien on Tax Increment Revenues generated within the Southeast Project Area, which lien is superior to the lien that secures the repayment of the Series 2009B Bonds. See "SECURITY FOR THE SERIES 2009B BONDS – Outstanding Senior Debt – Series 2009B Bonds" and " – Prohibition Against Additional Senior Debt."

Security for the Series 2009A Bonds

The Agency's payment obligations with respect to the Series 2009A Bonds and the CIEDB Loan are equally secured by a pledge of Net Tax Increment Revenues generated by the Old Town Kern-Pioneer Project Area and all of the moneys in certain of the funds and accounts established under the Series 2009A Indenture; provided, however, that such pledge shall be subordinate to the pledge of Tax Increment Revenues to meet the Agency's payment obligations with respect to HUD Loan No. 1. Other than the Net Tax Increment Revenues and such other moneys securing the Series 2009A Bonds as described herein, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Series 2009A Bonds. See "SECURITY FOR SERIES 2009A BONDS."

Security for the Series 2009B Bonds

The Agency's payment obligations with respect to the Series 2009B Bonds are secured by a pledge of Net Tax Increment Revenues generated by the Southeast Project Area and all of the moneys in certain of the funds and accounts established under the Series 2009B Indenture; provided, however, that such pledge shall be subordinate to the pledge of Tax Increment Revenues to meet the Agency's payment obligations with respect to HUD Loan No. 2 and HUD Loan No. 3. Other than the Net Tax Increment Revenues and such other moneys securing the Series 2009B Bonds as described herein, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Series 2009B Bonds. See "SECURITY FOR SERIES 2009B BONDS."

Series 2009A Bonds and Series 2009B Bonds are Bank Qualified

The Agency has designated the Series 2009A Bonds and the Series 2009B Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. Pursuant to that section, a qualifying financial institution will be allowed a deduction from its own federal corporate income tax for the portion of interest expense the financial institution is able to allocate to designated "bank-qualified" investments. See "BANK QUALIFIED BONDS."

Continuing Disclosure

In connection with the issuance of the Series 2009A Bonds, the Agency will covenant in a continuing disclosure certificate (the "Series 2009A Bonds Continuing Disclosure Certificate"), executed for the benefit of the Owners**,** to provide certain financial information and operating data relating to the Agency and the Old Town Kern-Pioneer Project Area, and notices of certain events, if material. In connection with the issuance of the Series 2009B Bonds, the Agency will covenant in a continuing disclosure certificate (the "Series 2009B Bonds Continuing Disclosure Certificate"), executed for the benefit of the Owners**,** to provide certain financial information and operating data relating to the Agency and the Southeast Project Area, and notices of certain events, if material. See "CONTINUING DISCLOSURE" and "APPENDIX F – FORMS OF CONTINUING DISCLOSURE CERTIFICATES."

Limited Obligations

THE BONDS OF EACH SERIES ARE LIMITED OBLIGATIONS OF THE AGENCY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE AMOUNTS PLEDGED THEREFOR UNDER THE APPLICABLE INDENTURE, WHICH AMOUNTS ARE COMPRISED OF NET TAX INCREMENT REVENUES AND MONEYS HELD IN CERTAIN OF THE FUNDS ESTABLISHED UNDER SUCH APPLICABLE INDENTURE. NEITHER THE BONDS OF EACH SERIES NOR THE OBLIGATIONS OF THE AGENCY UNDER THE APPLICABLE INDENTURE REPRESENT A DEBT OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE AGENCY), AND NEITHER THE CITY, THE STATE, NOR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE AGENCY) IS LIABLE FOR ANY OF THE BONDS. THE BONDS OF EACH SERIES DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AGENCY NOR ANY PERSONS EXECUTING ANY OF THE BONDS ARE LIABLE PERSONALLY ON SUCH BONDS BY REASON OF THEIR ISSUANCE. THE AGENCY HAS NO TAXING POWER.

Change from Preliminary Official Statement -- No Series 2009C Bonds to be Issued

The Preliminary Official Statement dated May 26, 2009, for the Bonds included references to a third proposed series of bonds entitled "Bakersfield Redevelopment Agency Tax Allocation Bonds, Series 2009C (Taxable -- Tax Increment Revenue), Southeast Bakersfield Redevelopment Project" (the "Series 2009C Bonds"). The Series 2009C Bonds were intended to be issued pursuant to a supplemental indenture to the Series 2009B Indenture and secured by a pledge of Net Tax Increment Revenues generated by the Southeast Project Area on a parity with the Series 2009B Bonds. After the date of the Preliminary Official Statement, the Agency determined not to issue the Series 2009C Bonds in conjunction with the Series 2009B Bonds, and all references to the Series 2009C Bonds and the supplemental indenture pertaining thereto have been deleted from this Official Statement. The Agency is not precluded, however, from issuing the Series 2009C Bonds or other Additional Bonds in the future in accordance with the provisions of the Series 2009B Indenture. See "SECURITY FOR SERIES 2009B BONDS -- Issuance of Additional Bonds."

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend," "expect," "propose," "estimate," "project," "budget," "anticipate," or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements described to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. No updates or revisions to these forward-looking statements are expected to be issued if or when the expectations, events, conditions, or circumstances on which such statements are based change. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

References Qualified

The summaries of and references to all documents, statutes, reports, and other instruments referred to in this Official Statement do not purport to be complete, comprehensive, or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

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THE FINANCING PLAN

Negotiated Sale of Bonds

Upon the issuance of each series of Bonds, such Bonds will be sold by the Agency to the Authority, and concurrently resold by the Authority to the Underwriter, pursuant to the Marks-Roos Act and the terms of the Bond Purchase Agreement. See “THE AUTHORITY” and “UNDERWRITING.”

Estimated Sources and Uses of Bond Proceeds

Series 2009A Bonds. The proceeds from the Series 2009A Bonds are expected to be applied as follows:

Sources of Funds	
Principal Amount of Series 2009A Bonds	$2,090,000.00
Less: Net Original Issue Discount	(128,430.50)
Less: Underwriter’s Discount	(25,080.00)
Total Sources of Funds	$1,936,489.50
Uses of Funds	
Costs of Issuance Fund (1)	$ 77,489.50
Reserve Account of the Debt Service and Reserve Fund (OTK-P) (2)	209,000.00
Series 2009A Bond Proceeds Account of the Redevelopment Special Fund (3)	1,650,000.00
Total Uses of Funds	$1,936,489.50

(1) Moneys in the Costs of Issuance Fund established under the Series 2009A Indenture will be used to pay costs of issuance with respect to the Series 2009A Bonds, including Bond Counsel, Disclosure Counsel, Fiscal Consultant, and Trustee fees, as well as printing and other costs.
(2) Represents the Reserve Account Requirement (as defined in the Series 2009A Indenture) for the Series 2009A Bonds.
(3) Moneys in the Series 2009A Bond Proceeds Account of the Redevelopment Special Fund established under the Series 2009A Indenture will be used to pay for redevelopment activities in the Old Town Kern-Pioneer Project Area as described herein. See “THE PROJECT AREAS” and “FACILITIES TO BE FINANCED WITH BOND PROCEEDS.”

Series 2009B Bonds. The proceeds from the Series 2009B Bonds are expected to be applied as follows:

Sources of Funds	
Principal Amount of Series 2009B Bonds	$1,240,000.00
Less: Net Original Issue Discount	(47,492.00)
Less: Underwriter’s Discount	(14,880.00)
Total Sources of Funds	$1,177,628.00
Uses of Funds	
Costs of Issuance Fund (1)	$ 53,628.00
Reserve Account of the Debt Service and Reserve Fund (SE) (2)	124,000.00
Series 2009B Bond Proceeds Account of the Redevelopment Special Fund (3)	1,000,000.00
Total Uses of Funds	$1,177,628.00

(1) Moneys in the Costs of Issuance Fund established under the Series 2009B Indenture will be used to pay costs of issuance with respect to the Series 2009B Bonds, including Bond Counsel, Disclosure Counsel, Fiscal Consultant, and Trustee fees, as well as printing and other costs.
(2) Represents the Reserve Account Requirement (as defined in the Series 2009B Indenture) for the Series 2009B Bonds.
(3) Moneys in the Series 2009B Bond Proceeds Account of the Redevelopment Special Fund established under the Series 2009B Indenture will be used to pay for redevelopment activities in the Southeast Project Area as described herein. See “THE PROJECT AREAS” and “FACILITIES TO BE FINANCED WITH BOND PROCEEDS.”

THE BONDS

Authority for Issuance; Limited Obligations

The Bonds of each series are being issued pursuant to the California Constitution and under authority granted to the Agency by the Law, the Bond Resolutions, and the provisions of the applicable Indenture. The Bonds of each series are limited obligations of the Agency payable solely from and secured solely by the amounts pledged therefor under the applicable Indenture. The amounts pledged to secure the Series 2009A Bonds are comprised of Net Tax Increment Revenues generated by the Old Town Kern-Pioneer Project Area and moneys held in certain of the funds established under the Series 2009A Indenture. The amounts pledged to secure the Series 2009B Bonds are comprised of Net Tax Increment Revenues generated by the Southeast Project Area and moneys held in certain of the funds established under the Series 2009B Indenture. Neither the Bonds of each series nor the obligations of the Agency under the Indentures, as applicable, represent a debt of the City, the State, or any political subdivision of the State (other than the Agency), and none of the City, the State, or any political subdivision of the State (other than the Agency) is liable for the Bonds of each series. The Bonds of each series do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing any of the Bonds are liable personally on such Bonds by reason of their issuance. The Agency has no taxing power. For a discussion of some of the risks associated with the purchase of the Bonds of each series, see "RISK FACTORS." See also "SECURITY FOR THE SERIES 2009A BONDS," "SECURITY FOR SERIES 2009B BONDS," and "LIMITATIONS ON TAX INCREMENT REVENUES."

Description of Each Series of Bonds

Each series of Bonds is being issued in the respective aggregate principal amount set forth on the cover page hereof. Bonds of each series will be issued in denominations of $5,000 each or integral multiples thereof and will be dated the date of their original issuance. Subject to a possible redemption prior to maturity as provided in the applicable Indenture, the Bonds of each series will mature on the respective dates and bear interest in the respective amounts set forth on the cover page hereof. Interest on each series of Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2010.

The Bonds of each series will be delivered in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for each series of Bonds. Individual purchases of Bonds of each series may be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased. Payments of principal of and interest on the Bonds of each series will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to beneficial owners of such Bonds as described herein. See "THE BONDS – Book-Entry Only System."

Negotiated Sale of Bonds

Upon their issuance, each series of Bonds will be sold by the Agency to the Authority, and concurrently resold by the Authority to the Underwriter, pursuant to the Marks-Roos Act and the terms of the Bond Purchase Agreement. See "THE FINANCING PLAN," "THE AUTHORITY," and "UNDERWRITING."

Redemption Provisions

Optional Redemption of Series 2009A Bonds. The Series 2009A Bonds are subject to optional redemption prior to their stated maturity date from any source of available funds at the option of the Agency on any date on or after August 1, 2019, as a whole or in part, and by lot within a maturity, at a redemption price equal to the principal amount of the Series 2009A Bonds being redeemed, without premium, plus interest accrued thereon, if any, to the date fixed for redemption.

Mandatory Sinking Account Redemption of Term Series 2009A Bonds. The Term Series 2009A Bonds are subject to redemption prior to their stated maturity (or purchase in lieu of such redemption, as described below), in part by lot, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium, in the aggregate principal amounts and on the dates as set forth in the following table:

Redemption Date (August 1)	Principal Amount To Be Redeemed or Purchased
2010	$ 50,000
2011	50,000
2012	55,000
2013	60,000
2014	65,000
2015	70,000
2016	75,000
2017	80,000
2018	85,000
2019	90,000
2020	100,000
2021	105,000
2022	115,000
2023	125,000
2024	135,000
2025	145,000
2026	155,000
2027	165,000
2028	175,000
2029 (maturity)	190,000

If some but not all of the Term Series 2009A Bonds have been optionally redeemed, as described above, the total amount of all future sinking account payments shall be reduced *pro rata* by the aggregate principal amount of Term Series 2009A Bonds so redeemed, as set forth in the Series 2009A Indenture.

Purchase of Term Series 2009A Bonds In Lieu of Mandatory Redemption. In lieu of the mandatory sinking account redemption of any Term Series 2009A Bonds, amounts on deposit in the Debt Service and Reserve Fund (OTK-P) established under the Series 2009A Indenture, which amounts are available for deposit or deposited in the Term Bond Sinking Account therein, may also be used and withdrawn by the Trustee at any time, upon the written request of the Agency, for the purchase of such Term Series 2009A Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Agency may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. Any accrued interest payable upon the purchase of any Term Series 2009A Bonds shall be paid from amounts held in the Debt Service and Reserve Fund (OTK-P) for the payment of interest on the next following Interest Payment Date. The principal amount of any Term Series 2009A Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to any applicable Sinking Account Payment Date in any year shall be credited towards and shall reduce the principal amount of such Term Series 2009A Bonds required to be redeemed on such Sinking Account Payment Date in such year.

Optional Redemption of Series 2009B Bonds. The Series 2009B Bonds are subject to optional redemption prior to their stated maturity date from any source of available funds at the option of the Agency on any date on or after August 1, 2019, as a whole or in part, and by lot within a maturity, at a redemption price equal to the principal amount of the Series 2009B Bonds being redeemed, without premium, plus interest accrued thereon, if any, to the date fixed for redemption.

Mandatory Sinking Account Redemption of Term Series 2009B Bonds. The Term Series 2009B Bonds are subject to redemption prior to their stated maturity (or purchase in lieu of such redemption, as described below), in part by lot, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium, in the aggregate principal amounts and on the dates as set forth in the following table:

Redemption Date (August 1)	Principal Amount To Be Redeemed or Purchased
2010	$ 30,000
2011	30,000
2012	35,000
2013	35,000
2014	40,000
2015	40,000
2016	45,000
2017	45,000
2018	50,000
2019	55,000
2020	60,000
2021	65,000
2022	70,000
2023	75,000
2024	80,000
2025	85,000
2026	90,000
2027	95,000
2028	105,000
2029 (maturity)	110,000

If some but not all of the Term Series 2009B Bonds have been optionally redeemed, as described above, the total amount of all future sinking account payments shall be reduced *pro rata* by the aggregate principal amount of Term Series 2009B Bonds so redeemed, as set forth in the Series 2009B Indenture.

Purchase of Term Series 2009B Bonds In Lieu of Mandatory Redemption. In lieu of the mandatory sinking account redemption of any Term Series 2009B Bonds, amounts on deposit in the Debt Service and Reserve Fund (SE) established under the Series 2009B Indenture, which amounts are available for deposit or deposited in the Term Bond Sinking Account therein, may also be used and withdrawn by the Trustee at any time, upon the written request of the Agency, for the purchase of such Term Series 2009B Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Agency may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. Any accrued interest payable upon the purchase of any Term Series 2009B Bonds shall be paid from amounts held in the Debt Service and Reserve Fund (SE) for the payment of interest on the next following Interest Payment Date. The principal amount of any Term Series 2009B Bonds so purchased by the Trustee in any twelve-month period ending

60 days prior to any applicable Sinking Account Payment Date in any year shall be credited towards and shall reduce the principal amount of such Term Series 2009B Bonds required to be redeemed on such Sinking Account Payment Date in such year.

Notice of Redemption. Notice of redemption of Bonds of any series shall be mailed by first class mail by the Trustee not less than 30 nor more than 60 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee as of the fifteenth day prior to the date of mailing such notice, (ii) one or more Information Services, and (iii) the Securities Depositories. Notice of redemption to the Securities Depositories and Information Services may also be given by certified, registered, or overnight mail, by facsimile transmission, or by such other confirmable method as may be requested by the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and the premiums, if any thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. The Trustee shall mail by first class mail a second notice of redemption 60 days after the scheduled redemption date to Owners who failed to surrender their Bonds in connection with such redemption. The Trustee may give notice of redemption, other than mandatory sinking account redemptions and any notices that refer to Bonds that are being advance refunded, conditioned upon receipt of funds or any other event. The Trustee may, at its option, or upon the written request of the Agency, prior to the date fixed for redemption in any notice of redemption, rescind and cancel any notice of redemption by mailing notice of such rescission and cancellation in the same manner as the notice of redemption was provided under the applicable Indenture, and the applicable Bonds shall not be redeemed and shall remain outstanding, and the Trustee shall not be liable for any loss, liability or expense resulting from such rescission and cancellation of the notice of redemption.

Disclosure of Redemptions. Upon the occurrence of any contingent or other unscheduled Bond redemption under the applicable Indenture, notice thereof shall be given to each Repository pursuant to (and as defined in) the applicable Continuing Disclosure Certificate. See “CONTINUING DISCLOSURE” and “APPENDIX F – FORMS OF CONTINUING DISCLOSURE CERTIFICATES.”

Effect of Redemption. When notice of redemption has been duly given as aforesaid, and moneys for payment of the redemption price are being held by the Trustee, the Bonds of any series so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, and from and after the date so designated interest on the Bonds so called for redemption shall cease to accrue, said Bonds shall cease to be entitled to any benefit or security under the applicable Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee shall, upon surrender for payment of any of said Bonds, pay such Bonds at the redemption price aforesaid. All Bonds redeemed as described above shall be cancelled upon surrender thereof and delivered to the Agency, and no Bonds shall be issued in place thereof.

Book-Entry Only System

The following information regarding DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the Agency, and the Agency shall not have any *liability with respect thereto. The Agency shall not have any responsibility or liability for any aspects of the records maintained by DTC relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the Bonds of each series.*

DTC will act as securities depository for the Bonds of each series. The Bonds of each series will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds of each series, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds of each series under the DTC system must be made by or through Direct Participants, which will receive a credit for such Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in Bonds of each series are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds of each series except in the event that use of the book-entry system for the Bonds of each series is discontinued.

To facilitate subsequent transfers, all Bonds of each series deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds of any series with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of any Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds of each series may wish to take certain steps to augment the transmission to them of notices of significant events with respect to such Bonds, such as redemptions, defaults, and proposed amendments to the related legal documents. For example, Beneficial Owners of Bonds of any series may wish to ascertain that the nominee holding such Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds of any series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds of any series unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds of any series are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments with respect to the Bonds of each series will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Trustee or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds of any series at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates for such Bonds are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates for each series of Bonds will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AGENCY BELIEVES TO BE RELIABLE, BUT THE AGENCY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. THE AGENCY GIVES NO ASSURANCES THAT DTC WILL DISTRIBUTE

PAYMENTS TO DTC PARTICIPANTS OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE BONDS OF ANY SERIES RECEIVED BY DTC OR ITS NOMINEES AS THE REGISTERED OWNER, ANY REDEMPTION NOTICES, OR OTHER NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

DEBT SERVICE SCHEDULE FOR SERIES 2009A BONDS

Date (August 1)	Principal of Series 2009A Bonds	Interest on Series 2009A Bonds	Total Debt Service for Series 2009A Bonds
2010	$ 50,000	$166,765	$216,765
2011	50,000	153,000	203,000
2012	55,000	149,250	204,250
2013	60,000	145,125	205,125
2014	65,000	140,625	205,625
2015	70,000	135,750	205,750
2016	75,000	130,500	205,500
2017	80,000	124,875	204,875
2018	85,000	118,875	203,875
2019	90,000	112,500	202,500
2020	100,000	105,750	205,750
2021	105,000	98,250	203,250.
2022	115,000	90,375	205,375
2023	125,000	81,750	206,750
2024	135,000	72,375	207,375
2025	145,000	62,250	207,250
2026	155,000	51,375	206,375
2027	165,000	39,750	204,750
2028	175,000	27,375	202,375
2029	190,000	14,250	204,250

Source: Underwriter.

DEBT SERVICE SCHEDULE FOR SERIES 2009B BONDS

Date (August 1)	Principal of Series 2009B Bonds	Interest on Series 2009B Bonds	Total Debt Service for Series 2009B Bonds
2010	$ 30,000	$95,644	$125,644
2011	30,000	87,725	117,725
2012	35,000	85,550	120,550
2013	35,000	83,013	118,013
2014	40,000	80,475	120,475
2015	40,000	77,575	117,575
2016	45,000	74,675	119,675
2017	45,000	71,413	116,413
2018	50,000	68,150	118,150
2019	55,000	64,525	119,525
2020	60,000	60,538	120,538
2021	65,000	56,188	121,188
2022	70,000	51,475	121,475
2023	75,000	46,400	121,400
2024	80,000	40,963	120,963
2025	85,000	35,163	120,163
2026	90,000	29,000	119,000
2027	95,000	22,475	117,475
2028	105,000	15,588	120,588
2029	110,000	7,975	117,975

Source: Underwriter.

SECURITY FOR SERIES 2009A BONDS

Pledge of Net Tax Increment Revenues

The Series 2009A Bonds are limited obligations of the Agency, equally secured by an irrevocable pledge of all of the Net Tax Increment Revenues generated by the Old Town Kern-Pioneer Project Area and all moneys in the Parity Debt Service Account within the Redevelopment Special Fund established under the Series 2009A Indenture, subject to certain limitations described below. The Agency's payment obligations with respect to the CIEDB Loan are secured on a parity with the Agency's obligations with respect to the Series 2009A Bonds. See "Outstanding Parity Debt" below.

The Agency's payment obligations with respect to HUD Loan No. 1 are secured by an irrevocable pledge of all Tax Increment Revenues generated by the Old Town Kern-Pioneer Project Area and all moneys in the Senior Debt Service Account within the Redevelopment Special Fund, which pledge is senior to pledge of Net Tax Increment Revenues to secure the Agency's payment obligations with respect to the Series 2009A Bonds and the CIEDB Loan. See "Outstanding Senior Debt – Series 2009A Bonds" below. The pledge under the Series 2009A Indenture constitutes a first lien on the Net Tax Increment Revenues and all moneys in the Parity Debt Service Account for the payment of the CIEDB Loan, the Series 2009A Bonds, and any other Additional Bonds.

The term "Tax Increment Revenues" is defined in the Series 2009A Indenture as, for each fiscal year, beginning in the fiscal year in which the Series 2009A Bonds are issued, the money allocated or paid to the Agency derived from:

(a) that portion of taxes levied upon assessable property in the Old Town Kern-Pioneer Project Area allocated to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law, Section 16 of Article XVI of the Constitution of the State of California, and the Old Town Kern-Pioneer Redevelopment Plan (exclusive of (i) amounts, if any, received by the Agency with respect to personal property in the Old Town Kern-Pioneer Project Area pursuant to Section 16111 of the California Government Code, and (ii) amounts payable by the Agency pursuant to the statutory pass-through payment obligations of the Agency in accordance with Section 33607.5 of the Law, except to the extent that the County withholds such amounts for direct disbursement to the pass-through payment recipients, and further except to the extent such payments are subordinate to the payment of the required Annual Debt Service (as defined below); and

(b) reimbursements, subventions, or other payments made by the State of California with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes,

but excluding therefrom that portion thereof representing the Housing Set-Aside Revenues. The term "Housing Set-Aside Revenues" means, with respect to each Project Area and for a given fiscal year, that portion of taxes allocated to and received by the Agency with respect to such Project Area and required by Section 33334.2 of the Law to be deposited into the Low and Moderate Income Housing Fund, which fund is required to be established and maintained by the Agency. See "THE PROJECT AREAS" and "LIMITATIONS ON TAX INCREMENT REVENUES."

The term "Net Tax Increment Revenues" is defined in the Series 2009A Indenture as, for any given fiscal year, Tax Increment Revenues generated by the Old Town Kern-Pioneer Project Area, less the obligations payable during such fiscal year on HUD Loan No. 1.

Outstanding Parity Debt

The Agency has previously entered into a Tax Allocation Loan Agreement, Agreement No. CIEDB 07-083, dated as of February 1, 2008 (the "CIEDB Loan Agreement"), by and between the Agency and the California Infrastructure and Economic Development Bank ("CIEDB"), pursuant to which the Agency borrowed from CIEDB $10,000,000 (the "CIEDB Loan"), the repayment of which bears interest at a tax-exempt rate of 3.11% per annum. The term of the CIEDB Loan is 30 years from the February 1, 2008, effective date. Pursuant to the CIEDB Loan Agreement, repayment of the CIEDB Loan is secured by Net Tax Increment Revenues generated in the Old Town Kern-Pioneer Project Area. The Agency's obligation to repay the CIEDB Loan is on a parity with the Series 2009A Bonds. See "HISTORICAL AND PROJECTED TAX INCREMENT REVENUES – Projected Tax Increment Revenues and Debt Service Coverage for Series 2009A Bonds."

Outstanding Senior Debt – Series 2009A Bonds

The Agency has previously entered into HUD Loan No. 1, pursuant to which the Agency borrowed $1,000,000, payable within a term of 20 years, to finance redevelopment activities in the Old Town Kern-Pioneer Project Area. Repayment of HUD Loan No. 1 is secured by a lien on Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area, which lien is superior to the lien that secures the repayment of the Series 2009A Bonds and the CIEDB Loan.

Reserve Account for Series 2009A Bonds

Pursuant to the Series 2009A Indenture, the Reserve Account established within the Debt Service and Reserve Fund (OTK-P) is to be maintained by the Trustee in an amount that will be equal to the Reserve Account Requirement. The term "Reserve Account Requirement" is defined in the Series 2009A Indenture as an amount equal to the least of (i) 10% of the proceeds of the Series 2009A Bonds and all other Additional Bonds (defined, for purposes of the Series 2009A Indenture, as tax allocation bonds payable from the Net Tax Increment Revenues generated in the Old Town Kern-Pioneer Project Area and secured by a lien and charge upon such Net Tax Increment Revenues equal to and on a parity with the lien and charge securing the outstanding Series 2009A Bonds and CIEDB Loan), (ii) Maximum Annual Debt Service (as defined below) on the Series 2009A Bonds and all other Additional Bonds, or (iii) 125% of the Average Annual Debt Service (as defined below) on the Series 2009A Bonds and all other Additional Bonds; provided that, in the event proceeds of any Series 2009A Bonds and any other Additional Bonds are initially deposited into an escrow fund held by the Trustee, the Reserve Account Requirement shall be reduced in the same proportion that the principal amount of Series 2009A Bonds and other Additional Bonds that would be callable from the escrowed proceeds bears to the total principal amount of Series 2009A Bonds and other Additional Bonds outstanding; provided further that, as used in this definition, the term "Annual Debt Service" shall exclude any payment obligations under the CIEDB Loan..

The term "Maximum Annual Debt Service" is defined in the Series 2009A Indenture as, as of any date of calculation, the largest Annual Debt Service during the period from such date of such calculation through the final maturity date of any outstanding Series 2009A Bonds and other Additional Bonds. The term "Annual Debt Service" is defined in the Series 2009A Indenture as, for each fiscal year, the sum of (1) the CIEDB Loan falling due in such fiscal year, together with (2) the interest falling due on the outstanding Series 2009A Bonds and other Additional Bonds in such fiscal year, assuming that the outstanding serial Series 2009A Bonds and other serial Additional Bonds are retired as scheduled and that all outstanding Term Series 2009A Bonds and other term Additional Bonds, if any, are redeemed from such sinking account installment as may be scheduled, (3) the principal amount of all outstanding serial Series 2009A Bonds and other serial Additional Bonds, if any, falling due by their terms in such fiscal year, and (4) the sinking account installments required to be made in such fiscal year to pay or redeem outstanding Term Series 2009A Bonds and other term Additional Bonds.

All money in or credited to the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account, the Principal Account, or the Term Bond Sinking Account in such order, in the event of any deficiency in any of such accounts occurring on any Interest Payment Date, Principal Payment Date, or Sinking Account Payment Date, or for the purpose of paying the interest on or the principal of the Series 2009A Bonds and any other Additional Bonds, in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Series 2009A Bonds and other Additional Bonds then outstanding, except that for so long as the Agency is not in default under the Series 2009A Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement shall be withdrawn from the Reserve Account by the Trustee and transferred to the Agency for deposit in the General Operating Account (OTK-P) within the Redevelopment Special Fund; provided that, in the event that a Reserve Account Credit Instrument (as defined below for purposes of the Series 2009A Indenture) is provided by the Agency to the Trustee for deposit in the Reserve Account, any amount then on deposit in the Reserve Account in excess of the Reserve Account Requirement as a result of such deposit of a Reserve Account Credit Instrument may, upon the written request of the Agency to the Trustee, be withdrawn from the Reserve Account by the Trustee and transferred to the Agency for deposit in the General Operating Account (OTK-P) within the Redevelopment Special Fund.

No moneys in or credited to the Reserve Account shall be applied to the payment of any amounts owing with respect to the CIEDB Loan Agreement or HUD Loan No. 1.

All or any portion of the Reserve Account Requirement with respect to any series of Additional Bonds may be satisfied by the provision of a policy of insurance, a surety bond, a letter of credit, or other comparable credit facility that meets the requirements contained in the Series 2009A Indenture (each, for purposes of the Series 2009A Indenture, a "Reserve Account Credit Instrument"), or a combination thereof, which, together with moneys on deposit in the Reserve Account, provide funds in an aggregate amount equal to the Reserve Account Requirement. Notwithstanding any provision of the Series 2009A Indenture to the contrary, the Reserve Account Requirement for the Series 2009A Bonds may not be satisfied by the provision of a Reserve Account Credit Instrument, nor shall moneys on deposit in the Reserve Account in satisfaction of that portion of the Reserve Account Requirement relating to the Series 2009A Bonds be withdrawn from the Reserve Account for the purpose of replenishing any deficiency in the Interest Account, the Principal Account, or the Term Bonds Sinking Account relating to payments of the principal of, premium, if any, or interest on a series of Additional Bonds, the Reserve Account Requirement for which has been satisfied through the provision of a Reserve Account Credit Instrument.

Issuance of Additional Bonds

The Agency may at any time after the issuance and delivery of the Series 2009A Bonds issue Additional Bonds payable from the Net Tax Increment Revenues generated in the Old Town Kern-Pioneer Project Area and secured by a lien and charge upon such Net Tax Increment Revenues equal to and on a parity with the lien and charge securing the outstanding Series 2009A Bonds and CIEDB Loan, subject to the conditions for such issuance set forth in the CIEDB Loan Agreement, and subject further to the following conditions:

(a) A certificate of the Agency shall have been filed with the Trustee to the effect that the Agency shall be in compliance with all covenants set forth in the Series 2009A Indenture and any Supplemental Indentures, and no event of default shall have occurred and be continuing.

(b) The issuance of such Additional Bonds shall have been duly authorized pursuant to the Law and all applicable laws, and the issuance of such Additional Bonds shall have been provided for by a Supplemental Indenture containing provisions as required in the Series 2009A Indenture.

(c) The Net Tax Increment Revenues generated in the Old Town Kern-Pioneer Project Area to be received by the Agency in each fiscal year during the term of the Additional Bonds, assuming no growth in assessed values, but taking into account all Plan Limits and other factors that would cause a reduction in such Net Tax Increment Revenues in any future fiscal year, plus, at the option of the Agency, the Additional Allowance, shall be equal to at least 125% of Maximum Annual Debt Service. The term "Additional Allowance" means, with respect to the Old Town Kern-Pioneer Project, as of the date of calculation, the amount of Net Tax Increment Revenues which, as shown in the report of an Independent Redevelopment Consultant (as defined in the Series 2009A Indenture), are estimated to be receivable by the Agency in the next succeeding fiscal year as a result of increases in the assessed valuation of taxable property in the Old Town Kern-Pioneer Project Area due to construction that has been completed or due to changes in ownership that have occurred, but are not yet been reflected on the tax roll. For purposes of such definition, the term "increases in assessed valuation" means the amount by which the assessed valuation of taxable property in the Old Town Kern-Pioneer Project Area in the next succeeding fiscal year is estimated to exceed the assessed valuation of taxable property in the Old Town Kern-Pioneer Project Area (as evidenced in a written document from an appropriate official of the County) as of the date on which such calculation is made.

(d) The conditions prescribed by the foregoing paragraph (c) need not be met with respect to the issuance of Additional Bonds the proceeds of which are to be used to refund all or any portion of any outstanding Series 2009A Bonds or previously issued Additional Bonds if, following the issuance of any such refunding Additional Bonds, the annual debt service with respect to such refunding Additional Bonds during each fiscal year shall be equal to or less than debt service with respect to the outstanding Series 2009A Bonds or previously issued Additional Bonds refunded by such refunding Additional Bonds and the period for which the Agency shall be obligated to pay such debt service shall not extend beyond the term of the refunded outstanding Series 2009A Bonds or previously issued Additional Bonds, as applicable.

(e) For the purposes of the calculation of the coverage requirements set forth in the foregoing paragraph (c), Annual Debt Service shall not include the principal and interest attributable to any Series 2009A Bonds or previously issued Additional Bonds, the proceeds of which are deposited in an escrow fund held by the Trustee, provided that the Supplemental Indenture authorizing the issuance of Additional Bonds shall provide that:

(1) Such proceeds shall be deposited or invested in Federal Securities or in an Investment Agreement with a financial institution rated "AA" or better by S&P's, at a rate of interest which, together with amounts made available by the Agency from proceeds of Series 2009A Bonds or previously issued Additional Bonds, or otherwise, is at least sufficient to pay Annual Debt Service on the Series 2009A Bonds and any previously issued Additional Bonds, the proceeds of which are to be deposited in the escrow fund held by the Trustee;

(2) Moneys may be transferred from said escrow fund only if Net Tax Increment Revenues for the then current fiscal year will be at least equal to 125% of Annual Debt Service on all outstanding Series 2009A Bonds and previously issued Additional Bonds, and any unsubordinated loans, indebtedness, or other obligations payable from tax increment allocable to the Agency pursuant to Section 33670 of the Law (exclusive of disqualified Series 2009A Bonds or Additional Bonds described in the Series 2009A Indenture), less a principal amount of Series 2009A Bonds and previously issued Additional Bonds that is equal to moneys on deposit in said escrow fund after each such transfer; and

(3) Additional Bonds shall be redeemed from moneys remaining on deposit in said escrow fund at the expiration of a specified escrow period in such manner as may be determined by the Agency.

(f) Nothing in the Series 2009A Indenture limits the issuance of any tax allocation bonds of the Agency payable from the Net Tax Increment Revenues generated by the Old Town Kern-Pioneer Project Area and secured by a lien and charge on such Net Tax Increment Revenues if, after the issuance and delivery of such tax allocation bonds, neither the CIEDB Loan Agreement nor any of the Series 2009A Bonds and any Additional Bonds theretofore issued under the Series 2009A Indenture will be outstanding. Furthermore, nothing contained in the Series 2009A Indenture limits the issuance of any tax allocation bonds of the Agency secured by a lien and charge on such Net Tax Increment Revenues junior to that of the CIEDB Loan, the Series 2009A Bonds and any Additional Bonds.

The CIEDB Loan Agreement imposes several conditions that must be met prior to the issuance by the Agency of Additional Bonds, including, but not limited to, the requirement that all Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area received or estimated to be received by the Agency in the then-current fiscal year (i) calculated using a tax rate of 1%, (ii) based on the most recent taxable valuation of property in the Old Town Kern-Pioneer Project Area, as evidenced in a written document from an appropriate official of the County, and (iii) exclusive of payments, reimbursements, and subventions, if any, specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, shall be at least equal to 110% of Maximum Annual Debt Service, including within such Maximum Annual Debt Service the amount of maximum annual debt service on the Additional Bonds then proposed to be issued or incurred.

Prohibition Against Additional Senior Debt

With the exception of HUD Loan No. 1, the Series 2009A Indenture prohibits the Agency from incurring any additional indebtedness, or issuing any additional bonds, secured by a pledge, lien, or encumbrance that is senior to the pledge of Net Tax Increment Revenues generated by the Old Town Kern-Pioneer Project Area established by the Series 2009A Indenture.

SECURITY FOR SERIES 2009B BONDS

Pledge of Net Tax Increment Revenues

The Series 2009B Bonds are limited obligations of the Agency, equally secured by an irrevocable pledge of all of the Net Tax Increment Revenues generated by the Southeast Project Area and all moneys in the Bond Debt Service Account within the Redevelopment Special Fund established under the Series 2009B Indenture, subject to certain limitations described below.

The Agency's payment obligations with respect to HUD Loan No. 2 and HUD Loan No. 3 are secured by an irrevocable pledge of all Tax Increment Revenues generated by the Southeast Project Area and all moneys in the Senior Debt Service Account within the Redevelopment Special Fund, which pledge is senior to pledge of Net Tax Increment Revenues to secure the Agency's payment obligations with respect to the Series 2009B Bonds. See "Outstanding Senior Debt – Series 2009B Bonds" below. The pledge under the Series 2009B Indenture constitutes a first lien on the Net Tax Increment Revenues and all moneys in the Bond Debt Service Account for the payment of the Series 2009B Bonds and any other Additional Bonds.

The term "Tax Increment Revenues" is defined in the Series 2009B Indenture as, for each fiscal year, beginning in the fiscal year in which the Series 2009B Bonds are issued, the money allocated or paid to the Agency derived from:

(a) that portion of taxes levied upon assessable property in the Southeast Project Area allocated to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law, Section 16 of Article XVI of the Constitution of the State of California, and the Southeast Redevelopment Plan (exclusive of (i) amounts, if any, received by the Agency with respect to personal property in the Southeast Project Area pursuant to Section 16111 of the California Government Code, and (ii) amounts payable by the Agency pursuant to the statutory pass-through payment obligations of the Agency in accordance with Section 33607.5 of the Law, except to the extent that the County withholds such amounts for direct disbursement to the pass-through payment recipients, and further except to the extent such payments are subordinate to the payment of the required Annual Debt Service (as defined below); and

(b) reimbursements, subventions, or other payments made by the State of California with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes,

but excluding therefrom that portion thereof representing the Housing Set-Aside Revenues. See "THE PROJECT AREAS" and "LIMITATIONS ON TAX INCREMENT REVENUES."

The term "Net Tax Increment Revenues" is defined in the Series 2009B Indenture as, for any given fiscal year, Tax Increment Revenues generated by the Southeast Project Area, less the obligations payable during such fiscal year on HUD Loan No. 2 and HUD Loan No. 3.

Outstanding Senior Debt – Series 2009B Bonds

The Agency has previously entered into: (1) HUD Loan No. 2, pursuant to which the Agency borrowed $1,600,000, payable within a term of 20 years, to assist in financing a fire station within the Southeast Project Area; and (2) HUD Loan No. 3, pursuant to which the Agency borrowed $3,750,000, payable within a term of 20 years, to finance the Mill Creek Mixed-Use Project within the Southeast Project Area. Repayment of HUD Loan No. 2 and HUD Loan No. 3 is secured by a lien on Tax Increment Revenues generated within the Southeast Project Area, which lien is superior to the lien that secures the repayment of the Series 2009B Bonds.

Reserve Account for Series 2009B Bonds

Pursuant to the Series 2009B Indenture, the Reserve Account established within the Debt Service and Reserve Fund (SE) is to be maintained by the Trustee in an amount that will be equal to the Reserve Account Requirement. The term "Reserve Account Requirement" is defined in the Series 2009B Indenture as an amount equal to the least of (i) 10% of the proceeds of the Series 2009B Bonds and all other Additional Bonds (defined, for purposes of the Series 2009B Indenture, as tax allocation bonds payable from the Net Tax Increment Revenues and secured by a lien and charge upon the Net Tax Increment Revenues equal to and on a parity with the lien and charge securing the outstanding Series 2009B Bonds), (ii) Maximum Annual Debt Service (as defined below) on the Series 2009B Bonds and all other Additional Bonds, or (iii) 125% of the Average Annual Debt Service (as defined below) on the Series 2009B Bonds and all other Additional Bonds; provided that, in the event proceeds of any Series 2009B Bonds and any other Additional Bonds are initially deposited into an escrow fund held by the Trustee, the Reserve Account Requirement shall be reduced in the same proportion that the principal amount of Series 2009B Bonds and other Additional Bonds that would be callable from the escrowed proceeds bears to the total principal amount of Series 2009B Bonds and other Additional Bonds outstanding.

The term "Maximum Annual Debt Service" is defined in the Series 2009B Indenture as, as of any date of calculation, the largest Annual Debt Service during the period from such date of such calculation through the final maturity date of any outstanding Series 2009B Bonds and other Additional Bonds. The term "Annual Debt Service" is defined in the Series 2009B Indenture as, for each fiscal year, the sum of (1) the interest falling due on the outstanding Series 2009B Bonds and other Additional Bonds in such fiscal year, assuming that the outstanding serial Series 2009B Bonds and other serial Additional Bonds are retired as scheduled and that all outstanding Term Series 2009B Bonds and other term Additional Bonds, if any, are redeemed from such sinking account installment as may be scheduled, (2) the principal amount of all outstanding serial Series 2009B Bonds and other serial Additional Bonds, if any, falling due by their terms in such fiscal year, and (3) the sinking account installments required to be made in such fiscal year to pay or redeem outstanding Term Series 2009B Bonds and other term Additional Bonds.

All money in or credited to the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account, the Principal Account, or the Term Bond Sinking Account in such order, in the event of any deficiency in any of such accounts occurring on any Interest Payment Date, Principal Payment Date, or Sinking Account Payment Date, or for the purpose of paying the interest on or the principal of the Series 2009B Bonds and any other Additional Bonds, in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Series 2009B Bonds and other Additional Bonds then outstanding, except that for so long as the Agency is not in default under the Series 2009B Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement shall be withdrawn from the Reserve Account by the Trustee and transferred to the Agency for deposit in the General Operating Account (SE) within the Redevelopment Special Fund; provided that, in the event that a Reserve Account Credit Instrument (as defined below for purposes of the Series 2009B Indenture) is provided by the Agency to the Trustee for deposit in the Reserve Account, any amount then on deposit in the Reserve Account in excess of the Reserve Account Requirement as a result of such deposit of a Reserve Account Credit Instrument may, upon the written request of the Agency to the Trustee, be withdrawn from the Reserve Account by the Trustee and transferred to the Agency for deposit in the General Operating Account (SE) within the Redevelopment Special Fund.

No moneys in or credited to the Reserve Account shall be applied to the payment of any amounts owing with respect to HUD Loan No. 2 or HUD Loan No. 3.

All or any portion of the Reserve Account Requirement with respect to any series of Additional Bonds may be satisfied by the provision of a policy of insurance, a surety bond, a letter of credit, or other comparable credit facility that meets the requirements contained in the Series 2009B Indenture (each, for purposes of the Series 2009B Indenture, a "Reserve Account Credit Instrument"), or a combination thereof, which, together with moneys on deposit in the Reserve Account, provide funds in an aggregate amount equal to the Reserve Account Requirement. Notwithstanding any provision of the Series 2009B Indenture to the contrary, the Reserve Account Requirement for the Series 2009B Bonds may not be satisfied by the provision of a Reserve Account Credit Instrument, nor shall moneys on deposit in the Reserve Account in satisfaction of that portion of the Reserve Account Requirement relating to the Series 2009B Bonds be withdrawn from the Reserve Account for the purpose of replenishing any deficiency in the Interest Account, the Principal Account, or the Term Bonds Sinking Account relating to payments of the principal of, premium, if any, or interest on a series of Additional Bonds, the Reserve Account Requirement for which has been satisfied through the provision of a Reserve Account Credit Instrument.

Issuance of Additional Bonds

The Agency may at any time after the issuance and delivery of the Series 2009B Bonds issue Additional Bonds payable from the Net Tax Increment Revenues generated in the Southeast Project Area and secured by a lien and charge upon such Net Tax Increment Revenues equal to and on a parity with the lien and charge securing the outstanding Series 2009B Bonds, subject to the following conditions:

(a) A certificate of the Agency shall have been filed with the Trustee to the effect that the Agency shall be in compliance with all covenants set forth in the Series 2009B Indenture and any Supplemental Indentures, and no event of default shall have occurred and be continuing.

(b) The issuance of such Additional Bonds shall have been duly authorized pursuant to the Law and all applicable laws, and the issuance of such Additional Bonds shall have been provided for by a Supplemental Indenture containing provisions as required in the Series 2009B Indenture.

(c) The Net Tax Increment Revenues generated in the Southeast Project Area to be received by the Agency in each fiscal year during the term of the Additional Bonds, assuming no growth in assessed values, but taking into account all Plan Limits and other factors that would cause a reduction in such Net Tax Increment Revenues in any future fiscal year, plus, at the option of the Agency, the Additional Allowance, shall be equal to at least 125% of Maximum Annual Debt Service. The term "Additional Allowance" means, with respect to the Southeast Project, as of the date of calculation, the amount of Net Tax Increment Revenues which, as shown in the report of an Independent Redevelopment Consultant (as defined in the Series 2009B Indenture), are estimated to be receivable by the Agency in the next succeeding fiscal year as a result of increases in the assessed valuation of taxable property in the Southeast Project Area due to construction that has been completed or due to changes in ownership that have occurred, but are not yet been reflected on the tax roll. For purposes of such definition, the term "increases in assessed valuation" means the amount by which the assessed valuation of taxable property in the Southeast Project Area in the next succeeding fiscal year is estimated to exceed the assessed valuation of taxable property in the Southeast Project Area (as evidenced in a written document from an appropriate official of the County) as of the date on which such calculation is made.

(d) The conditions prescribed by the foregoing paragraph (c) need not be met with respect to the issuance of Additional Bonds the proceeds of which are to be used to refund all or any portion of any outstanding Series 2009B Bonds or previously issued Additional Bonds if, following the issuance of any such refunding Additional Bonds, the annual debt service with respect to such refunding Additional Bonds during each fiscal year shall be equal to or less than debt service with respect to the outstanding Series 2009B Bonds or previously issued Additional Bonds refunded by such refunding Additional Bonds and the period for which the Agency shall be obligated to pay such debt service shall not extend beyond the term of the refunded outstanding Series 2009B Bonds or previously issued Additional Bonds, as applicable.

(e) For the purposes of the calculation of the coverage requirements set forth in the foregoing paragraph (c), Annual Debt Service shall not include the principal and interest attributable to any Series 2009B Bonds or previously issued Additional Bonds, the proceeds of which are deposited in an escrow fund held by the Trustee, provided that the Supplemental Indenture authorizing the issuance of Additional Bonds shall provide that:

> (1) Such proceeds shall be deposited or invested in Federal Securities or in an Investment Agreement with a financial institution rated "AA" or better by S&P's, at a rate of interest which, together with amounts made available by the Agency from proceeds of Series 2009B Bonds or previously issued Additional Bonds, or otherwise, is at least sufficient to pay Annual Debt Service on the Series 2009B Bonds and any previously issued Additional Bonds, the proceeds of which are to be deposited in the escrow fund held by the Trustee;
>
> (2) Moneys may be transferred from said escrow fund only if Net Tax Increment Revenues for the then current fiscal year will be at least equal to 125% of Annual Debt Service on all outstanding Series 2009B Bonds and previously issued Additional Bonds, and any unsubordinated loans, indebtedness, or other obligations payable from tax increment allocable to the Agency pursuant to Section 33670 of the Law (exclusive of disqualified Series 2009B Bonds or Additional Bonds described in the Series 2009B Indenture), less a principal amount of Series 2009B Bonds and previously issued Additional Bonds that is equal to moneys on deposit in said escrow fund after each such transfer; and

(3) Additional Bonds shall be redeemed from moneys remaining on deposit in said escrow fund at the expiration of a specified escrow period in such manner as may be determined by the Agency.

(f) Nothing in the Series 2009B Indenture limits the issuance of any tax allocation bonds of the Agency payable from the Net Tax Increment Revenues generated in the Southeast Project Area and secured by a lien and charge on such Net Tax Increment Revenues if, after the issuance and delivery of such tax allocation bonds, none of the Series 2009B Bonds or any Additional Bonds theretofore issued under the Series 2009B Indenture will be outstanding. Furthermore, nothing contained in the Series 2009B Indenture limits the issuance of any tax allocation bonds of the Agency secured by a lien and charge on such Net Tax Increment Revenues junior to that of the Series 2009B Bonds and any Additional Bonds.

Prohibition Against Additional Senior Debt

With the exception of HUD Loan No. 2 and HUD Loan No. 3, the Series 2009B Indenture prohibits the Agency from incurring any additional indebtedness, or issuing any additional bonds, secured by a pledge, lien, or encumbrance that is senior to the pledge of Net Tax Increment Revenues generated by the Southeast Project Area established by the Series 2009B Indenture.

ALLOCATION OF TAXES IN PROJECT AREAS

The following disclosure describes the allocation and application of taxes in both of the Project Areas. The Net Tax Increment Revenues that secure the Series 2009A Bonds are derived from taxes levied in the Old Town Kern-Pioneer Project Area only. The Net Tax Increment Revenues that secure the Series 2009B Bonds are derived from taxes levied in the Southeast Project Area only. See "THE PROJECT AREAS" and "HISTORICAL AND PROJECTED TAX INCREMENT REVENUES."

Allocation and Application of Taxes in Old Town Kern-Pioneer Project Area

As provided in the Old Town Kern-Pioneer Redevelopment Plan, and in Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the California Constitution, taxes levied on taxable property in the Old Town Kern-Pioneer Project Area each year by or for the benefit of the State, cities, counties, districts, or other public corporations (collectively, the "Old Town Kern-Pioneer Taxing Agencies"), for fiscal years beginning after the effective date of the Old Town Kern-Pioneer Redevelopment Plan, will be divided as follows:

(a) That portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of the Old Town Kern-Pioneer Taxing Agencies upon the total sum of the assessed value of the taxable property in the Old Town Kern-Pioneer Project Area as shown upon the assessment roll used in connection with the taxation of that property by such Old Town Kern-Pioneer Taxing Agency, last equalized prior to the effective date of the Old Town Kern-Pioneer Ordinance, shall be allocated to and when collected shall be paid to the respective Old Town Kern-Pioneer Taxing Agencies as taxes by or for such Old Town Kern-Pioneer Taxing Agencies on all other property are paid (for the purpose of allocating taxes levied by or for any Old Town Kern-Pioneer Taxing Agency that did not include the territory in the Old Town Kern-Pioneer Project Area on the effective date of the Old Town Kern-Pioneer Ordinance but to which that territory has been annexed or otherwise included after that effective date, the assessment roll of the County last equalized on the effective date of the Old Town Kern-Pioneer Ordinance shall be used in determining the assessed valuation of the taxable property in the Old Town Kern-Pioneer Project Area on said effective date); and

(b) Except as provided in paragraph (c) below, that portion of the levied taxes each year in excess of that amount shall be allocated to and when collected shall be paid into a special fund of the Agency to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the redevelopment activities in the Old Town Kern-Pioneer Project Area. Unless and until the total assessed valuation of the taxable property in the Old Town Kern-Pioneer Project Area exceeds the total assessed value of the taxable property in the Old Town Kern-Pioneer Project Area as shown by the last equalized assessment roll referred to in paragraph (a) above, all of the taxes levied and collected upon the taxable property in the Old Town Kern-Pioneer Project Area shall be paid to the respective Old Town Kern-Pioneer Taxing Agencies. When the bonds, loans, advances, and indebtedness, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in the Old Town Kern-Pioneer Project Area shall be paid to the respective Old Town Kern-Pioneer Taxing Agencies as taxes on all other property are paid.

(c) That portion of the taxes in excess of the amount identified in paragraph (a) above that are attributable to a tax rate levied by a Old Town Kern-Pioneer Taxing Agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness for the acquisition or improvement of real property in the Old Town Kern-Pioneer Project Area shall be allocated to, and when collected shall be paid into, the fund of that Old Town Kern-Pioneer Taxing Agency. This paragraph (c) shall only apply to taxes levied to repay bonded indebtedness approved by the voters of the Old Town Kern-Pioneer Taxing Agency on or after January 1, 1989.

Pursuant to the Series 2009A Indenture, the Agency will apply all of the Tax Increment Revenues, and any interest earned thereon, derived from the property in the Old Town Kern-Pioneer Project Area and received in any fiscal year as follows:

First, to the Senior Debt Service Account until the amount on deposit therein is equal to the debt service coming due on HUD Loan No. 1 during such fiscal year;

Second, to the Parity Debt Service Account until the amount on deposit therein is equal to the sum of (a) the debt service coming due with respect to the CIEDB Loan and the outstanding Series 2009A Bonds, and any other Additional Bonds during such fiscal year, and (b) the amount, if any, required to be deposited in the Reserve Account in order to restore the balance on deposit therein to the Reserve Account Requirement; and

Finally, to the General Operating Account (OTK-P) to be applied to any lawful purpose of the Agency with respect to the Old Town Kern-Pioneer Project Area.

Section 33334.2 of the Law requires that not less than 20% of all taxes that are allocated to a redevelopment agency pursuant to Section 33670 of the Law must be used by such redevelopment agency for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost to persons and families of low or moderate income, lower income households, very low income households, and extremely low income households (as such terms are defined in the California Health and Safety Code) that is occupied by these persons and families, unless such redevelopment agency has made certain findings annually by resolution. The Agency has not made such findings. Section 33334.3 of the Law further requires that the funds that are required by the Law to be used for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing must be held in a separate low and moderate income housing fund until used for such purposes.

Allocation and Application of Taxes in Southeast Project Area

As provided in the Southeast Redevelopment Plan, and in Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the California Constitution, taxes levied on taxable property in the Southeast Project Area each year by or for the benefit of the State, cities, counties, districts, or other public corporations (collectively, the "Southeast Taxing Agencies" and, together with the Old Town Kern-Pioneer Taxing Agencies, the "Taxing Agencies"), for fiscal years beginning after the effective date of the Southeast Redevelopment Plan, will be divided as follows:

(a) That portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of the Southeast Taxing Agencies upon the total sum of the assessed value of the taxable property in the Southeast Project Area as shown upon the assessment roll used in connection with the taxation of that property by such Southeast Taxing Agency, last equalized prior to the effective date of the Southeast Ordinance, shall be allocated to and when collected shall be paid to the respective Southeast Taxing Agencies as taxes by or for such Southeast Taxing Agencies on all other property are paid (for the purpose of allocating taxes levied by or for any Southeast Taxing Agency that did not include the territory in the Southeast Project Area on the effective date of the Southeast Ordinance but to which that territory has been annexed or otherwise included after that effective date, the assessment roll of the County last equalized on the effective date of the Southeast Ordinance shall be used in determining the assessed valuation of the taxable property in the Southeast Project Area on said effective date); and

(b) Except as provided in paragraph (c) below, that portion of the levied taxes each year in excess of that amount shall be allocated to and when collected shall be paid into a special fund of the Agency to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the redevelopment activities in the Southeast Project Area. Unless and until the total assessed valuation of the taxable property in the Southeast Project Area exceeds the total assessed value of the taxable property in the Southeast Project Area as shown by the last equalized assessment roll referred to in paragraph (a) above, all of the taxes levied and collected upon the taxable property in the Southeast Project Area shall be paid to the respective Southeast Taxing Agencies. When the bonds, loans, advances, and indebtedness, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in the Southeast Project Area shall be paid to the respective Southeast Taxing Agencies as taxes on all other property are paid.

(c) That portion of the taxes in excess of the amount identified in paragraph (a) above that are attributable to a tax rate levied by a Southeast Taxing Agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness for the acquisition or improvement of real property in the Southeast Project Area shall be allocated to, and when collected shall be paid into, the fund of that Southeast Taxing Agency. This paragraph (c) shall only apply to taxes levied to repay bonded indebtedness approved by the voters of the Southeast Taxing Agency on or after January 1, 1989.

Pursuant to the Series 2009B Indenture, the Agency will apply all of the Tax Increment Revenues, and any interest earned thereon, derived from the property in the Southeast Project Area and received in any fiscal year as follows:

First, to the Senior Debt Service Account until the amount on deposit therein is equal to the debt service coming due on HUD Loan No. 2 and HUD Loan No. 3 during such fiscal year;

Second, to the Bond Debt Service Account until the amount on deposit therein is equal to the sum of (a) the debt service coming due with respect to the outstanding Series 2009B Bonds and any other Additional Bonds during such fiscal year and (b) the amount, if any, required to be deposited in the Reserve Account in order to restore the balance on deposit therein to the Reserve Account Requirement; and

Finally, to the General Operating Account (SE) to be applied to any lawful purpose of the Agency with respect to the Southeast Project Area.

Section 33334.2 of the Law requires that not less than 20% of all taxes that are allocated to a redevelopment agency pursuant to Section 33670 of the Law must be used by such redevelopment agency for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost to persons and families of low or moderate income, lower income households, very low income households, and extremely low income households (as such terms are defined in the California Health and Safety Code) that is occupied by these persons and families, unless such redevelopment agency has made certain findings annually by resolution. The Agency has not made such findings. Section 33334.3 of the Law further requires that the funds that are required by the Law to be used for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing must be held in a separate low and moderate income housing fund until used for such purposes.

THE PROJECT AREAS

The Redevelopment Plans

The City has adopted redevelopment plans for the Old Town Kern-Pioneer Project Area and the Southeast Project Area. Such redevelopment plans are more particularly described below.

Old Town Kern-Pioneer Redevelopment Plan. The City approved the Old Town Kern-Pioneer Redevelopment Plan pursuant to Ordinance No. 3904, adopted by the City Council on June 30, 1999. The Old Town Kern-Pioneer Redevelopment Plan is scheduled to terminate on June 30, 2029, and provides that the total outstanding principal amount of any bonds issued and repayable from tax increment generated from the Old Town Kern-Pioneer Project Area shall not exceed $141 million at any one time.

Southeast Redevelopment Plan. The City approved the original Southeast Redevelopment Plan pursuant to Ordinance No. 3905, adopted by the City Council on June 30, 1999. The City subsequently amended the Southeast Redevelopment Plan pursuant to Ordinance No. 4002, adopted by the City Council on March 28, 2001. The Southeast Redevelopment Plan is scheduled to terminate on June 30, 2029, and provides that the total outstanding principal amount of any bonds issued and repayable from tax increment generated from the Southeast Project Area shall not exceed $94 million at any one time.

Description of Project Areas

Old Town Kern-Pioneer Project Area. The Old Town Kern-Pioneer Project Area encompasses approximately 1,970 acres of land in the eastern portion of the City, and is generally located north of California Avenue and south of Columbus Street, between Oak Street on the west and Virginia Street on the east. The Old Town Kern-Pioneer Project Area is zoned for a combination of public, commercial, industrial, and residential uses. See "THE PROJECT AREAS – Land Use in the Project Areas – Land Use in the Old Town Kern-Pioneer Project Area."

To implement the Old Town Kern-Pioneer Redevelopment Plan, the Agency has undertaken a comprehensive redevelopment program in the Old Town Kern-Pioneer Project Area designed to eliminate physical and economic blight, revitalize the community, and prevent the spread of blight to surrounding areas. In that regard, the Agency has created the Baker Street Comprehensive Economic Strategy, launched in 2003 (the "Baker Street Strategy"). The Baker Street Strategy was created with contributions from residents, business owners, government officials, social service providers, and private developers. The Baker Street Strategy sites the following ten priorities for the redevelopment of the Old Town Kern-Pioneer Project Area: (1) build partnerships between the Bakersfield Police Department and local neighborhood crime prevention advocates; (2) invest in and maintain streetscape improvements; (3) redevelop the blocks between Kentucky Street, Lake Street, Kern Street, and King Street; (4) redesign International Square; (5) rehabilitate the Metropole building located at Baker Street and Sumner Street; (6) expand home ownership opportunities and existing housing outreach programs; (7) redevelop the car wash site located at Baker Street and Niles Street; (8) rehabilitate existing single-room occupancy hotels; (9) monitor the design and construction of the Centennial Freeway; and (10) preserve and re-use the Union Pacific Train Depot.

Some of the redevelopment projects that have been completed in the Old Town Kern-Pioneer Project Area since the adoption of the Old Town Kern-Pioneer Redevelopment Plan include the following:

- New Amtrak Station. Construction of a new 8,000-square foot Amtrak railroad station (the "Amtrak Station") near the Bakersfield Convention Center and Centennial Garden. The new Amtrak Station includes an 800-foot long passenger platform with lighting, canopies, pedestrian grade crossings between tracks, and concrete tile edges with a special raised safety pattern, plus parking for more than 230 vehicles. The Amtrak Station was completed in 2000.

- Park Place Apartments. Construction of an 80-unit apartment complex on "R" Street called Park Place Apartments. Golden Empire Affordable Housing, Inc., constructed the project, which consists of 64 one-bedroom and 16 two-bedroom apartments, two laundry rooms, a community center, arts and crafts rooms, a courtyard, a security system and a live-in manager. Eight of the units in the project are designed for the physically handicapped, and two units are equipped for the sensory impaired. The Agency provided $800,000 in housing set-aside moneys derived from another redevelopment project area overseen by the Agency, the Downtown Project Area, to help finance the construction of the Park Place Apartments. Construction of the project was completed in 2001.

- Bakersfield Rescue Mission Emergency Housing. Acquisition of additional property and construction of emergency shelter housing for the Bakersfield Rescue Mission (the "Mission"). The Mission is a non-profit agency incorporated in 1952, which provides food, clothing, shelter, and rehabilitation opportunities for homeless men and women. The Agency provided $75,000 in housing set-aside moneys derived from the Downtown Project Area to help finance the acquisition of land and construction of the emergency housing. Construction of the project was completed in 2001.

- Baker Street Streetscape. Construction of streetscape improvements to a four block area on the west and east sides of Baker Street, from Jackson Street to Niles Street, including the installation of trees, tree grates, automatic irrigation, decorative lights with banners, and trash receptacles. HUD awarded the City an Economic Development Initiative grant in the amount of $280,000 to help finance the project, which was completed in 2006.

A portion of the proceeds from the sale of the Series 2009A Bonds will be used to finance the Facilities located in the Old Town Kern-Pioneer Project Area, which are expected to include (but are not limited to) the construction of senior housing, the construction of wastewater facilities, and the acquisition and/or improvement of property for future development. See "FACILITIES TO BE FINANCED WITH BOND PROCEEDS."

Southeast Project Area. The Southeast Project Area encompasses approximately 4,755 acres of land in the southeastern portion of the City, and is comprised of two non-contiguous sub areas. The larger sub area is generally located between "H" Street and Oswell Street, from north of California Avenue to south of California State Route 58. The smaller sub area is generally located between Casa Loma Drive and Pacheco Road, from Union Avenue to east of Cottonwood Road. The Southeast Project Area is primarily zoned for residential uses, but also includes sizable public, commercial, and industrial components. See "THE PROJECT AREAS – Land Use in the Project Areas – Land Use in the Southeast Project Area."

To implement the Southeast Redevelopment Plan, the Agency has undertaken a comprehensive redevelopment program in the Southeast Project Area designed to eliminate physical and economic blight, revitalize the community, and prevent the spread of blight to surrounding areas. In that regard, the Agency has conducted the Southeast Bakersfield Revitalization Study, completed in 2001 (the "Revitalization Study"), and the Southeast Bakersfield Neighborhood Design Charrette, conducted in 2003 (the "Design Charrette"). The Revitalization Study focused on issues related to revitalizing the commercial corridors that run through the Southeast Project Area and identified several significant areas of concern, including: (1) the lack of resident access to supermarket and other types of commercial services common to other urban communities; (2) the physical blight along the Union Avenue and Lakeview Avenue/Cottonwood Road corridors due to demographic changes and stagnant incomes in those areas; (3) the absence of specialty food stores and personal service establishments to attract neighborhood shoppers; (4) the physical and economic decline of area motels due to a lack of investment and new development; (5) the need for expanded home ownership and for the expansion of existing housing outreach programs; and (6) the need to invest in and maintain streetscape improvements. For the Design Charrette, the City, the Golden Empire Chapter of the American Institute of Architects, and approximately 150 residents collectively devised design and logistical recommendations for three major areas of the required redevelopment in the Southeast Project Area: housing rehabilitation and development, community improvements and services, and retail and business services.

Some of the redevelopment projects that have been completed in the Southeast Project Area since the adoption of the Southeast Redevelopment Plan include the following:

- Victory Circle. Construction of a 30,000 square foot manufacturing facility for race car chassis and equipment in the Gateway Business Park. The City provided a $50,000 Community Development Block Grant ("CDBG") repayable loan for permit fees and equipment, and the Agency provided $20,000 in redevelopment assistance.

- HPS Mechanical. Construction of a 40,000 square foot manufacturing facility in the Gateway Business Park. The City provided a $50,000 CDBG repayable loan for permit fees and equipment, and the Agency provided $20,000 in redevelopment assistance.

- Little Saigon Plaza. Construction of a 25,000 square foot shopping center on Union Avenue with retail and restaurant facilities. The City provided clearance of the site, which was the former location of a Black Angus Restaurant and Motel that was destroyed by fire.

- California Avenue Senior Housing Project. Construction of a 180-unit senior housing project located south of California Avenue between "M" Street and "O" Street by Capital Vision Equities ("CVE"). The City provided loan assistance to CVE for the construction of approximately $2.7 million. The total cost for the project was approximately $12 million.

- McMurtrey Aquatic Center. Construction of an 8,000 square foot swimming pool with a zero depth entry area, a water slide, and lap lanes, located on a 2.3 acre triangular site bounded by 14th Street, "P" Street, and "Q" Street. The City funded 100% of the project.

- Ice Sports Center. Construction of a 4,082 square foot skating facility, including a National Hockey League standard rink floor (200 feet by 85 feet), four tournament locker rooms, a concession area, and bleacher seating for 150 people. The City funded 100% of the project.

- California Avenue Area Sidewalk Streetscape Project. Improvement of median, streetscape, sidewalk, and lighting in the public right-of-way of California Avenue from Chester Avenue to the railroad tracks east of Washington Avenue. The City funded 100% of the project.

- Southeast Police Substation. Construction of a police substation located on Martin Luther King, Jr. Boulevard in the Oro Vista public housing complex. The City funded 100% of the project.

- Martin Luther King, Jr. Boulevard Streetscape Project. Construction of streetscape improvements on Martin Luther King, Jr. Boulevard between East California Avenue and Virginia Avenue. The City funded 100% of the project.

- Martin Luther King, Jr. Center Exterior Restoration Project. Rehabilitation of a neighborhood swimming pool at 1000 South Owens Street and construction of an adjacent play area. The City funded 100% of the project.

- Southeast Streetlight Improvement Project. Construction of upgrades to street lighting in southeast Bakersfield, bordered by California Avenue on the north, Washington Street on the east, Brundage Lane on the south, and Union Avenue on the west. The City funded 100% of the project.

- MAOF Child Care Center Project. Construction of a child care center by the Mexican American Opportunity Foundation ("MAOF") located on East California Avenue. The City provided funding for a portion of the cost of the project.

- Police Activities League Youth Center and Rehabilitation Project. Construction of youth center and athletic fields located at 301 East 4th Street. The City funded 100% of the project, including acquisition of approximately 6 acres of property.

A portion of the proceeds from the sale of the Series 2009B Bonds will be used to finance the Facilities located in the Southeast Project Area, which are expected to include (but are not limited to) the construction of affordable housing, the improvement of a canal in the Mill Creek Linear Park, and the purchase and demolition of certain dilapidated commercial structures located on the south side of California Avenue. See "FACILITIES TO BE FINANCED WITH BOND PROCEEDS."

Land Use in the Project Areas

Land Use in the Old Town Kern-Pioneer Project Area. The Old Town Kern-Pioneer Project Area is zoned for a combination of public, commercial, industrial, and residential uses. The following table summarizes current land use in the Old Town Kern-Pioneer Project Area, including the number of acres for each type of land use and the assessed value of such acres for fiscal year 2008-09.

Table 1
Summary of Land Use
Old Town Kern-Pioneer Project Area
Fiscal Year 2008-09

Category (1)	Number of Parcels	Net Taxable Value	Percentage of Total Taxable Value
Residential	1,406	$149,114,192	24.9%
Commercial	930	289,976,610	48.5
Industrial	328	68,814,192	11.5
Recreational	25	6,698,575	1.1
Institutional	85	5,721,049	1.0
Government	15	27,335	0.0
Miscellaneous	19	3,520,199	0.6
Vacant Land	331	13,727,668	2.3
Exempt	171	0	0.0
Subtotal	3,310	$537,599,820	89.9%
Unsecured Parcels (2)	[721]	58,419,341	9.8
SBE Non-unitary (2)	[45]	1,625,218	0.3
Totals		**$597,644,379**	**100.0%**

(1) Based on County land use designations.
(2) The number of Unsecured Parcels and secured SBE Non-unitary Utilities are shown in brackets because they appear on tax bills that are assigned to secured parcels already accounted for in other categories.
Source: HdL Coren & Cone.

Land Use in the Southeast Project Area. The Southeast Project Area is primarily zoned for residential uses, but also includes sizable public, commercial, and industrial components. The following table summarizes current land use in the Southeast Project Area, including the number of acres for each type of land use and the assessed value of such acres for fiscal year 2008-09.

Table 2
Summary of Land Use
Southeast Project Area
Fiscal Year 2008-09

Category (1)	Number of Parcels	Net Taxable Value	Percentage of Total Taxable Value
Residential	4,644	$394,460,367	47.8%
Commercial	590	163,867,409	19.8
Industrial	220	125,332,637	15.2
Irrigated	3	88,439	0.0
Dry Farm	1	39,232	0.0
Recreational	17	1,341,623	0.2
Institutional	115	7,945,638	1.0
Government	24	19,196	0.0
Miscellaneous	40	7,649,166	0.9
Vacant Land	885	70,452,703	8.5
Exempt	183	0	0.0
Subtotal	6,722	$771,196,410	93.4%
Unsecured Parcels (2)	[515]	53,457,181	6.5
SBE Non-unitary (2)	[27]	780,329	0.1
Totals		**$825,433,920**	**100.0%**

(1) Based on County land use designations.
(2) The number of Unsecured Parcels and secured California State Board of Equalization ("SBE") Non-unitary Utilities are shown in brackets because they appear on tax bills that are assigned to secured parcels already accounted for in other categories.
Source: HdL Coren & Cone.

Assessed Values in the Project Areas

Pursuant to the Law and the California Constitution, the Agency is authorized to receive that portion of property tax revenue generated in each Project Area in excess of the assessed value of property in such Project Area as shown on the last equalized tax roll prior to the adoption of the redevelopment plan for such Project Area (the "Base Year Value"). Pursuant to the Law, the tax increment received by the Agency in any fiscal year, which is based on the taxable assessed value in excess of the Base Year Value (the "incremental value"), may be pledged by the Agency to the repayment of Agency indebtedness, including the Bonds.

Assessed Values in the Old Town Kern-Pioneer Project Area. The Base Year Value for the Old Town Kern-Pioneer Project Area was originally calculated for fiscal year 1998-99 as $332,701,474 (comprised of secured assessed value of $304,471,462 and unsecured assessed value of $28,230,012). In fiscal year 2007-08, the Base Year Value for the Old Town Kern-Pioneer Project Area was revised to reflect a total assessed value for fiscal year 1998-99 of $325,761,415 (comprised of secured assessed value of $297,531,403 and unsecured assessed value of $28,230,012). The assessed value of property in the Old Town Kern-Pioneer Project Area increased from fiscal year 1998-99 (the base year) to fiscal year 2008-09 by approximately 83%. The secured assessed value of property in the Old Town Kern-Pioneer Project Area increased from fiscal year 2003-04 through fiscal year 2008-09 by approximately 67%, primarily due to new residential and commercial development. The unsecured assessed value of property in the Old Town Kern-Pioneer Project Area increased by approximately 39% during the same period**.**

The following table sets forth the actual assessed values for the Old Town Kern-Pioneer Project Area for fiscal years 2003-04 through 2008-09.

Table 3
Assessed Values
Old Town Kern-Pioneer Project Area
Fiscal Years 2003-04 through 2008-09

Fiscal Years	Secured Assessed Values	Unsecured Assessed Values	Total Assessed Values
2003-04	$323,805,314	$41,966,294	$365,771,608
2004-05	340,575,045	46,314,453	386,889,498
2005-06	378,105,352	46,644,311	424,749,663
2006-07	451,355,133	53,176,380	504,531,513
2007-08 (1)	506,831,812	55,139,885	561,971,697
2008-09	539,225,038	58,419,341	597,644,379

(1) Data for fiscal year 2007-08 adjusted to match County data.
Source: HdL Coren & Cone.

Assessed Values in the Southeast Project Area. The Base Year Value for the Southeast Project Area was originally calculated for fiscal year 1998-99 as $370,972,259 (comprised of secured assessed value of $345,942,534 and unsecured assessed value of $25,029,725). In fiscal year 2007-08, the Base Year Value for the Southeast Project Area was revised to reflect a total assessed value for fiscal year 1998-99 of $369,657,213 (comprised of secured assessed value of $344,627,488 and unsecured assessed value of $25,029,725). The assessed value of property in the Southeast Project Area increased from fiscal year 1998-99 (the base year) to fiscal year 2008-09 by approximately 123%. The secured assessed value of property in the Southeast Project Area increased from fiscal year 2003-04 through fiscal year 2008-09 by approximately 86%, primarily due to new residential, commercial, and industrial development. With the exception of fiscal year 2004-05, the unsecured assessed value of property in the Southeast Project Area increased in every year from fiscal year 2003-04 through fiscal year 2008-09. From fiscal year 2004-05 to fiscal year 2008-09, the unsecured assessed value of property in the Southeast Project Area increased by approximately 45%.

The following table sets forth the actual assessed values for the Southeast Project Area for fiscal years 2003-04 through 2008-09.

Table 4
Assessed Values
Southeast Project Area
Fiscal Years 2003-04 through 2008-09

Fiscal Years	Secured Assessed Values	Unsecured Assessed Values	Total Assessed Values
2003-04	$415,642,379	$36,832,730	$452,475,109
2004-05	434,050,595	32,981,199	467,031,794
2005-06	503,824,539	33,052,534	536,877,073
2006-07	607,930,534	39,498,880	647,429,414
2007-08 (1)	730,649,143	50,518,584	781,167,727
2008-09	771,976,739	53,457,181	825,433,920

(1) Data for fiscal year 2007-08 adjusted to match County data.
Source: HdL Coren & Cone.

Assessment Appeals in the Project Areas

Pursuant to Section 51 of the California Revenue and Taxation Code ("Section 51"), the determination of the assessed value of property in a Project Area may be appealed. Such an appeal may be initiated by the County Assessor or by the applicable property owner. Section 51 provides that, for each subsequent lien date, the value of the real property subject to the appeal shall be adjusted to be the lesser of its Base Year Value as adjusted by an inflation factor pursuant to Article XIIIA of the California Constitution ("Article XIIIA") or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing such a reduction in value. After a reduction in assessed value is granted pursuant to an appeal, the subject property is reviewed by the County Assessor annually and the assessed value is adjusted further if necessary. Such annual review may result in additional reductions or increases in the assessed value. Any such increases are required to be determined based on the full cash value of the subject property and, consequently, may exceed the maximum annual inflationary growth rate permitted under Article XIIIA. When the assessed value of the subject property is equal to or greater than the assessed value of such property prior to the appeal (adjusted for inflation), the property will again be subject to the annual inflationary factor growth rate allowed under Article XIIIA. Assessment appeals may also be requested as adjustments to a property's Base Year Value. If such an appeal is granted, the Base Year Value of the subject property is adjusted accordingly, and such Base Year Value is subsequently adjusted for any new construction, demolition, or any other changes requiring revaluation of the property's land, improvement, and personal property values, and by the annual inflationary factor growth rate allowed under Article XIIIA.

Assessment Appeals in the Old Town Kern-Pioneer Project Area. There are three pending assessment appeals relating to property in the Old Town Kern-Pioneer Project Area owned by one or more of the top ten taxpayers in the Old Town Kern-Pioneer Project Area. Such pending assessment appeals are more particularly described in the following table:

Table 5
Pending Assessment Appeals Among Top 10 Taxpayers
Old Town Kern-Pioneer Project Area
Fiscal Year 2007-08

Owner	2007-08 Value	Owner's Opinion of Value	Potential Reduction in Value
ACS Educational Services Inc. (Unsecured)	$6,394,025	$4,275,081	$2,118,944

Source: HdL Coren & Cone (based on information provided by Ventura County Clerk of the Board).

Assessment Appeals in the Southeast Project Area. There is one pending assessment appeal relating to property in the Southeast Project Area, but no such pending assessment appeals for any property owned by the top ten property owners in the Southeast Project Area.

Major Taxpayers in the Project Areas

Major Taxpayers in Old Town Kern-Pioneer Project Area. The total taxable assessed value of the property owned by the ten largest taxpayers in the Old Town Kern-Pioneer Project Area for fiscal year 2008-09 is approximately $86,180,093. Such amount is approximately 14.42% of the total assessed value of all of the property in the Old Town Kern-Pioneer Project Area, and approximately 31.70% of the total incremental value of all the property in the Old Town Kern-Pioneer Project Area. The following table shows the ranking, by assessed value, of the top ten taxpayers in the Old Town Kern-Pioneer Project Area.

Table 6
Ten Largest Property Tax Payers
Old Town Kern-Pioneer Project Area
Fiscal Year 2008-09

Taxpayer	Assessed Value	Percentage of Total Assessed Value (1)	Percentage of Total Incremental Value (2)
1. CPT Operating Partnership	$16,958,519	2.84%	6.24%
2. Memorial Medical Plaza LLC	10,913,718	1.83	4.01
3. Jayden Re LLC	9,181,529	1.54	3.38
4. SFH LLC	8,493,168	1.42	3.12
5. Golden State Mall LLC	8,160,000	1.37	3.00
6. Westchester Plaza LLC	8,118,240	1.36	2.99
7. National Retail Properties	7,642,778	1.28	2.81
8. San Joaquin Community Hospital (3)	6,192,409	1.04	2.28
9. ACS Education Services Inc.	5,926,683	0.99	2.18
10. 3MB LLC	4,593,049	0.77	1.69
Total (4)	**$86,180,093**	**14.42%**	**31.70%**

(1) Total assessed value in the Old Town Kern-Pioneer Project Area for fiscal year 2008-09 is approximately $825,433,920.
(2) Total incremental value represents the assessed value of the property in the Old Town Kern-Pioneer Project Area in excess of the Base Year Value of such property. The revised Base Year Value for the Old Town Kern-Pioneer Project Area is $325,761,415, and the incremental value for fiscal year 2008-09 for the Old Town Kern-Pioneer Project Area is $271,882,964.
(3) San Joaquin Community Hospital owns 17 additional parcels in the Old Town Kern-Pioneer Project Area that are exempt from property taxes.
(4) Totals may not add due to rounding.
Source: HdL Coren & Cone.

Major Taxpayers in Southeast Project Area. The total taxable assessed value of the property owned by the ten largest taxpayers in the Southeast Project Area for fiscal year 2008-09 is approximately $110,021,726. Such amount is approximately 18.41% of the total assessed value of all of the property in the Southeast Project Area, and approximately 24.14% of the total incremental value of all the property in the Southeast Project Area. The following table shows the ranking, by assessed value, of the top ten taxpayers in the Southeast Project Area.

Table 7
Ten Largest Property Tax Payers
Southeast Project Area
Fiscal Year 2008-09

	Taxpayer	Assessed Value	Percentage of Total Assessed Value [(1)]	Percentage of Total Incremental Value [(2)]
1.	Nakanogumi Corp. SBD Group Inc.	$ 28,835,758	3.49%	6.33%
2.	UCM Titan Bakersfield Industrial	12,811,200	1.55	2.81
3.	Calcot Limited	12,491,648	1.51	2.74
4.	Crystal Geyser Water Company	11,315,574	1.37	2.48
5.	Bright House Networks LLC	9,027,025	1.09	1.98
6.	New Albertsons Inc.	8,535,135	1.03	1.87
7.	California Water Service Company	7,092,479	0.86	1.56
8.	Fleming Companies	6,946,633	0.84	1.52
9.	Sierra International Michinery Inc.	6,609,037	0.80	1.45
10.	South Kern Machinery Inc.	6,357,237	0.77	1.39
	Total [(3)]	**$110,021,726**	**18.41%**	**24.14%**

(1) Total assessed value in the Southeast Project Area for fiscal year 2008-09 is approximately $825,433,920.
(2) Total incremental value represents the assessed value of the property in the Southeast Project Area in excess of the Base Year Value of such property. The revised Base Year Value for the Southeast Project Area is $369,657,213, and the incremental value for fiscal year 2008-09 for the Southeast Project Area is $455,776,707.
(3) Totals may not add due to rounding.
Source: HdL Coren & Cone.

Tax Rates in Project Areas

A tax rate area ("TRA") is a geographic area within which the taxes on all property within such area are levied at a certain rate by the applicable taxing entities. Each such taxing entity receives a prorated share of the tax levy on the property in the TRA. Tax rates may vary from TRA to TRA within the State, within a community, and within a redevelopment project area. The tax rate within a TRA is determined based on the general tax rate of $1.00 per $100 of taxable value, as determined by Article XIIIA of the California Constitution (the "General Tax Rate"), plus a tax rate approved by voters or authorized under Article XIIIA, if any, that exceeds the General Tax Rate (the "Override Rate"). The tax rate on unsecured property in the current fiscal year is the tax rate on secured property from the prior fiscal year. The Override Rate represents that portion of the tax rate that exceeds the General Tax Rate and that is levied to pay for voter-approved indebtedness or contractual obligations that existed prior to the enactment of Article XIIIA. The California Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from Override Rates levied for repayment of indebtedness approved by the voters after December 31, 1988. Override Rates typically decline each year as a result of (1) increasing property values (which would reduce the Override Rate that must be levied to meet the applicable debt service) and (2) the eventual retirement of the applicable debt.

Tax Rates in Old Town Kern-Pioneer Project Area. The Old Town Kern-Pioneer Project Area includes a total of eight TRAs. All of the TRAs in the Old Town Kern-Pioneer Project Area include a pre-1989 Override Rate of 0.049469 per $100 to pay for voter-approved debt issued by the Kern County Water Agency. All of the TRAs in the Old Town Kern-Pioneer Project Area also include Override Rates for voter-approved debt issued after 1988 by various school districts, the levy of which does not contribute revenue to the Agency. The secured tax rate for fiscal year 2008-09 is the same for all TRAs in the Old Town Kern-Pioneer Project Area, and is described in the following table:

Table 8
Secured Tax Rates
Old Town Kern-Pioneer Project Area
Fiscal Year 2008-09

Number of Applicable TRAs	8
General Levy	1.000000%
Kern County Water Agency	0.049469
Total Applicable Secured Tax Rate	**1.049469%**

Source: HdL Coren & Cone.

Tax Rates in Southeast Project Area. The Southeast Project Area includes a total of 37 TRAs. All of the TRAs in the Southeast Project Area include a pre-1989 Override Rate of 0.049469 per $100 to pay for voter-approved debt issued by the Kern County Water Agency. All of the TRAs in the Southeast Project Area also include Override Rates for voter-approved debt issued after 1988 by various school districts, the levy of which does not contribute revenue to the Agency. The secured tax rate for fiscal year 2008-09 is the same for all TRAs in the Southeast Project Area, and is described in the following table:

Table 9
Secured Tax Rates
Southeast Project Area
Fiscal Year 2008-09

Number of Applicable TRAs	37
General Levy	1.000000%
Kern County Water Agency	0.049469
Total Applicable Secured Tax Rate	**1.049469%**

Source: HdL Coren & Cone.

Redevelopment Plan Limitations

Redevelopment Plan Limitations for Old Town Kern-Pioneer Project Area. The current redevelopment plan limitations for the Old Town Kern-Pioneer Project Area are summarized in the following table. See also “LIMITATIONS ON TAX INCREMENT REVENUES – Redevelopment Plan Limitations.”

Table 10
Redevelopment Plan Limitations
Old Town Kern-Pioneer Project Area

Last Date to Incur New Debt	Expiration Date of Redevelopment Plan	Last Date to Repay Debt	Limit on Bonded Debt Outstanding
June 30, 2019	June 30, 2029	June 30, 2044	$141 million

Source: HdL Coren & Cone.

Redevelopment Plan Limitations for Southeast Project Area. The current redevelopment plan limitations for the Southeast Project Area are summarized in the following table. See also "LIMITATIONS ON TAX INCREMENT REVENUES – Redevelopment Plan Limitations."

Table 11
Redevelopment Plan Limitations
Southeast Project Area

Last Date to Incur New Debt	Expiration Date of Redevelopment Plan	Last Date to Repay Debt	Limit on Bonded Debt Outstanding
June 30, 2019	June 30, 2029	June 30, 2044	$94 million

Source: HdL Coren & Cone.

Tax Sharing Obligations in the Project Areas

The Old Town Kern-Pioneer Redevelopment Plan and the Southeast Redevelopment Plan were adopted after January 1, 1994, and are therefore subject to the statutory tax sharing payments mandated under Section 33607.5 of the Law ("Section 33607.5"). Pursuant to Section 33607.5, a prescribed portion of the Tax Increment Revenues attributable to each such Project Area must be shared with all of the Taxing Agencies in each such Project Area. The portion of such Tax Increment Revenues that must be shared with such Taxing Agencies is determined based on three tiers, as described below. See also "LIMITATIONS ON TAX INCREMENT REVENUES."

The first tier tax sharing payment amount is 25% of the Agency's gross tax increment for the Old Town Kern-Pioneer Project Area and the Southeast Project Area, as applicable, net of the Housing Set-Aside Revenues. The City may elect to receive its share of such first tier of tax sharing payments. If the City does not elect to receive its share, the Agency retains such amount.

The second tier tax sharing payment amount is 21% of the gross tax increment, net of the Housing Set-Aside Revenues, which tax increment is derived from the assessed value of the property in the Old Town Kern-Pioneer Project Area and the Southeast Project Area, as applicable, in excess of the assessed value of such property in the 10th year after the Agency first received tax increment attributable to such Project Area. The City may not receive a share of the second tier tax-sharing payments.

The third tier tax sharing payment amount is 14% of the tax increment, net of the Housing Set-Aside Revenues, which tax increment is derived from the assessed value of property in the Old Town Kern-Pioneer Project Area and the Southeast Project Area, as applicable, in excess of the assessed value of such property in the 30th year after the Agency first received tax increment attributable to such Project Area. The City may not receive a share of the third tier tax-sharing payments.

Proposed Facilities to be Financed with Bond Proceeds

The Agency intends to utilize a portion of the proceeds from the sale of each series of Bonds to finance various infrastructure improvements in the Project Areas. The Agency currently expects that such improvements will be comprised primarily of the Facilities. See "FACILITIES TO BE FINANCED WITH BOND PROCEEDS."

HISTORICAL AND PROJECTED TAX INCREMENT REVENUES

Historical Tax Increment Revenues

The Agency currently does not maintain records of the cumulative amount of Tax Increment Revenues generated by the Old Town Kern-Pioneer Project Area and the Southeast Project Area. In addition, the Old Town Kern-Pioneer Redevelopment Plan and the Southeast Redevelopment Plan were both adopted after January 1, 1994, and are therefore not required to establish limits on the amount of tax increment that may be allocated. See "LIMITATIONS ON TAX INCREMENT REVENUES – Redevelopment Plan Limitations."

The following tables detail the historical Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area from fiscal year 2003-04 through fiscal year 2007-08.

Table 12
Historical Tax Increment Revenues
Old Town Kern-Pioneer Project Area
Fiscal Years 2003-04 through 2007-08

Fiscal Year	Total Tax Increment Revenues
2003-04	$ 393,678
2004-05	552,497
2005-06	930,295
2006-07	1,694,534
2007-08	2,350,463

Source: HdL Coren & Cone (based on information provided by Kern County Auditor-Controller).

The following tables describe the historical Tax Increment Revenues generated within the Southeast Project Area from fiscal year 2003-04 through fiscal year 2007-08.

Table 13
Historical Tax Increment Revenues
Southeast Project Area
Fiscal Years 2003-04 through 2007-08

Fiscal Year	Total Tax Increment Revenues
2003-04	$ 755,088
2004-05	1,006,048
2005-06	1,669,012
2006-07	2,701,543
2007-08	3,952,585

Source: HdL Coren & Cone (based on information provided by Kern County Auditor-Controller).

Projected Net Tax Increment Revenues and Debt Service Coverage for Series 2009A Bonds

The following tables detail the Net Tax Increment Revenues for fiscal years 2008-09 through 2029-30 expected to be generated within the Old Town Kern-Pioneer Project Area, as well as debt service coverage with respect to the Series 2009A Bonds during such period. The actual Net Tax Increment Revenues received during the forecast period for such Project Area may vary from the projections, and such variations may be material. See "APPENDIX C – Fiscal Consultant's Reports."

Projected Net Tax Increment Revenues in Old Town Kern-Pioneer Project Area. The following table details the total Net Tax Increment Revenues expected to be generated within the Old Town Kern-Pioneer Project Area for fiscal years 2008-09 through 2029-30.

Table 14
Projected Taxable Assessed Values and
Projected Net Tax Increment Revenues
for the Old Town Kern-Pioneer Project Area
Fiscal Years 2008-09 through 2029-30
(000's omitted)

Fiscal Year	Projected Taxable Assessed Value (1)	Projected Taxable Assessed Value Over Base Value ($325,761)	Projected Gross Tax Revenue (2) (3)	Less: SB 2557 Fee (4)	Less: AB 1290 Statutory Tax Sharing (5)	Less: Debt Service for Applicable Senior Debt (6)	Less: Housing Set-Aside Revenues (7)	Projected Total Net Tax Increment Revenue
2008-09	$597,644	$271,883	$2,860	$37	$ 572	$34	$ 572	$ 1,646
2009-10	613,528	287,767	3,013	39	603	36	603	1,733
2010-11	613,528	287,767	2,999	39	600	38	600	1,723
2011-12	622,821	297,060	3,081	40	632	41	616	1,752
2012-13	632,300	306,538	3,164	41	665	43	633	1,782
2013-14	641,968	316,207	3,248	42	699	46	650	1,812
2014-15	651,830	326,068	3,333	43	733	49	667	1,842
2015-16	661,889	336,127	3,419	44	766	52	684	1,873
2016-17	672,149	346,387	3,506	45	801	55	701	1,904
2017-18	682,614	356,852	3,594	46	836	58	719	1,935
2018-19	693,288	367,527	3,683	47	871	62	737	1,966
2019-20	704,177	378,415	3,790	49	910	65	758	2,008
2020-21	715,282	389,521	3,901	50	951	69	780	2,051
2021-22	726,610	400,849	4,014	52	993	73	803	2,094
2022-23	738,165	412,403	4,130	53	1,035	78	826	2,138
2023-24	749,950	424,189	4,248	55	1,079	82	850	2,183
2024-25	761,972	436,210	4,368	56	1,123	0	874	2,315
2025-26	774,233	448,472	4,491	58	1,168	0	898	2,367
2026-27	786,740	460,979	4,616	59	1,214	0	923	2,419
2027-28	799,497	473,736	4,743	61	1,261	0	949	2,473
2028-29	812,510	486,748	4,873	63	1,309	0	975	2,527
2029-30	825,782	500,021	5,006	64	1,358	0	1,001	2,583

(1) Taxable values as reported by County.
(2) Projected gross tax increment revenues based on incremental taxable values factored against an assumed tax rate for the Old Town Kern-Pioneer Project Area of 1.049469%, declining to 1% over ten years.
(3) Assumes 100% collection by June 30 of applicable fiscal year.
(4) County administration fee is estimated at 1.28% of gross tax increment revenues.
(5) All applicable Taxing Entities receive their shares of 25% of total tax increment revenues, net of applicable Housing Set-Aside Revenues. In addition, after year 10, such Taxing Entities receive 21% of tax increment revenues based on incremental value above the year 10 value, net of the Housing Set-Aside Revenues. Starting in year 31, such Taxing Entities receive 14% of total tax increment revenues above the year 30 value, net of the Housing Set-Aside Revenues.
(6) The senior debt secured by Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area is comprised of HUD Loan No. 1 in the amount of $1,000,000.
(7) Housing Set-Aside Revenues calculated at 20% of gross tax increment revenues.

Source: Source: HdL Coren & Cone.

Projected Net Tax Increment Revenues and Debt Service Coverage for the Series 2009A Bonds. The following table details the total Net Tax Increment Revenues expected to be generated within the Old Town Kern-Pioneer Project Area and the debt service coverage for the Series 2009A Bonds for fiscal years 2008-09 through 2029-30.

Table 15
Projected Net Tax Increment Revenues and Debt Service Coverage for Series 2009A Bonds
Fiscal Years 2008-09 through 2029-30
(000's omitted)

Fiscal Year	Projected Net Tax Increment Revenues for Old Town Kern-Pioneer Project Area	Debt Service for CIEDB Loan	Projected Net Tax Increment Revenues Available for Series 2009A Bonds	Annual Debt Service for Series 2009A Bonds	Annual Debt Service Coverage
2008-09	$1,646	$341	$1,305	--	--
2009-10	1,733	555	1,178	$ 88	13.33:1
2010-11	1,723	554	1,169	205	5.70:1
2011-12	1,752	553	1,198	201	5.96:1
2012-13	1,782	553	1,230	202	6.08:1
2013-14	1,812	552	1,260	203	6.21:1
2014-15	1,842	551	1,291	203	6.35:1
2015-16	1,873	550	1,323	203	6.51:1
2016-17	1,904	549	1,355	203	6.68:1
2017-18	1,935	548	1,387	202	6.87:1
2018-19	1,966	547	1,419	201	7.07:1
2019-20	2,008	546	1,462	199	7.34:1
2020-21	2,051	545	1,505	202	7.45:1
2021-22	2,094	544	1,550	199	7.78:1
2022-23	2,138	543	1,594	201	7.93:1
2023-24	2,183	542	1,641	202	8.12:1
2024-25	2,315	541	1,775	202	8.77:1
2025-26	2,367	540	1,827	202	9.05:1
2026-27	2,419	538	1,881	201	9.38:1
2027-28	2,473	537	1,936	199	9.75:1
2028-29	2,527	536	1,991	196	10.17:1
2029-30	2,583	534	2,048	197	10.39:1

Sources: HdL Coren & Cone (for information in the column entitled Projected Net Tax Increment Revenues for Old Town Kern-Pioneer Project Area) and Underwriter (for information in all other columns).

Projected Net Tax Increment Revenues and Debt Service Coverage for Series 2009B Bonds

The following tables detail the Net Tax Increment Revenues for fiscal years 2008-09 through 2029-30 expected to be generated within the Southeast Project Area, as well as debt service coverage with respect to the Series 2009B Bonds during such period. The actual Net Tax Increment Revenues received during the forecast period for such Project Area may vary from the projections, and such variations may be material. See "APPENDIX C – Fiscal Consultant's Reports."

Projected Net Tax Increment Revenues in Southeast Project Area. The following table details the total Net Tax Increment Revenues expected to be generated within the Southeast Project Area for fiscal years 2008-09 through 2029-30.

Table 16
Projected Taxable Assessed Values and
Projected Net Tax Increment Revenues
for the Southeast Project Area
Fiscal Years 2008-09 through 2029-30
(000's omitted)

Fiscal Year	Projected Taxable Assessed Value (1)	Projected Taxable Assessed Value Over Base Value ($369,657)	Projected Gross Tax Revenue (2) (3)	Less: SB 2557 Fee (4)	Less: AB 1290 Statutory Tax Sharing (5)	Less: Debt Service for Applicable Senior Debt (6)	Less: Housing Set-Aside Revenues (7)	Projected Total Net Tax Increment Revenue
2008-09	$ 825,434	$ 455,777	$ 4,794	$ 61	$ 959	$ 0	$ 959	$2,815
2009-10	829,908	460,251	4,819	62	964	58	964	2,771
2010-11	829,908	460,251	4,796	61	959	443	959	2,373
2011-12	845,467	475,810	4,934	63	1,014	445	987	2,425
2012-13	861,337	491,680	5,074	65	1,069	448	1,015	2,477
2013-14	877,525	507,868	5,215	67	1,125	450	1,043	2,530
2014-15	894,036	524,379	5,359	69	1,182	454	1,072	2,582
2015-16	910,878	541,221	5,504	70	1,239	457	1,101	2,636
2016-17	928,056	558,399	5,650	72	1,297	461	1,130	2,690
2017-18	945,578	575,921	5,799	74	1,355	464	1,160	2,745
2018-19	963,451	593,794	5,949	76	1,414	469	1,190	2,799
2019-20	981,681	612,024	6,130	78	1,481	474	1,226	2,870
2020-21	1,000,275	630,618	6,316	81	1,549	479	1,263	2,943
2021-22	1,019,242	649,585	6,506	83	1,619	485	1,301	3,016
2022-23	1,038,588	668,930	6,699	86	1,691	491	1,340	3,092
2023-24	1,058,320	688,663	6,896	88	1,763	497	1,379	3,168
2024-25	1,078,448	708,790	7,098	91	1,838	504	1,420	3,246
2025-26	1,098,978	729,320	7,303	93	1,913	512	1,461	3,324
2026-27	1,119,918	750,261	7,512	96	1,989	520	1,502	3,404
2027-28	1,141,277	771,620	7,726	99	2,068	383	1,545	3,630
2028-29	1,163,064	793,407	7,944	102	2,149	0	1,589	4,105
2029-30	1,185,286	815,629	8,166	105	2,230	0	1,633	4,198

(1) Taxable values as reported by County.
(2) Projected gross tax increment revenues based on incremental taxable values factored against an assumed tax rate for the Southeast Project Area of 1.049469%, declining to 1% over ten years.
(3) Assumes 100% collection by June 30 of applicable fiscal year.
(4) County administration fee is estimated at 1.28% of gross tax increment revenues.
(5) All applicable Taxing Entities receive their shares of 25% of total tax increment revenues, net of applicable Housing Set-Aside Revenues. In addition, after year 10, such Taxing Entities receive 21% of tax increment revenues based on incremental value above the year 10 value, net of the Housing Set-Aside Revenues. Starting in year 31, such Taxing Entities receive 14% of total tax increment revenues above the year 30 value, net of the Housing Set-Aside Revenues.
(6) The senior debt secured by Tax Increment Revenues generated within the Southeast Project Area is comprised of HUD Loan No. 2 in the amount of $1,600,000 and HUD Loan No. 3 in the amount of $3,750,000.
(7) Housing Set-Aside Revenues calculated at 20% of gross tax increment revenues.
Source: Source: HdL Coren & Cone.

Projected Net Tax Increment Revenues and Debt Service Coverage for the Series 2009B Bonds. The following table details the total Net Tax Increment Revenues expected to be generated within the Southeast Project Area and the debt service coverage for the Series 2009B Bonds for fiscal years 2008-09 through 2029-30.

Table 17
Projected Net Tax Increment Revenues and Debt Service Coverage for Series 2009B Bonds
Fiscal Years 2008-09 through 2029-30
(000's omitted)

Fiscal Year	Projected Net Tax Increment Revenues for Southeast Project Area	Annual Debt Service for Series 2009B Bonds	Annual Debt Service Coverage
2008-09	$2,815	--	--
2009-10	2,771	$ 51	54.67:1
2010-11	2,373	119	19.97:1
2011-12	2,425	117	20.79:1
2012-13	2,477	119	20.76:1
2013-14	2,530	117	21.67:1
2014-15	2,582	119	21.70:1
2015-16	2,636	116	22.70:1
2016-17	2,690	118	22.79:1
2017-18	2,745	115	23.92:1
2018-19	2,799	116	24.06:1
2019-20	2,870	118	24.42:1
2020-21	2,943	118	24.86:1
2021-22	3,016	119	25.38:1
2022-23	3,092	119	25.99:1
2023-24	3,168	119	26.70:1
2024-25	3,246	118	27.49:1
2025-26	3,324	117	28.39:1
2026-27	3,404	116	29.41:1
2027-28	3,630	114	31.83:1
2028-29	4,105	117	35.15:1
2029-30	4,198	114	36.83:1

Sources: HdL Coren & Cone (for information in the column entitled Projected Net Tax Increment Revenues for the Southeast Project Area) and Underwriter (for information in all other columns).

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FACILITIES TO BE FINANCED WITH BOND PROCEEDS

Facilities to be Financed with Proceeds from the Series 2009A Bonds

The components of the Facilities to be financed, in whole or in part, with the proceeds from the sale of the Series 2009A Bonds are described below.

Acquisition of 17th Street Property. The Agency plans to utilize approximately $1,100,000 of proceeds from the Series 2009A Bonds to finance the acquisition of property located adjacent to the Mill Creek area on 17th Street in the Old Town Kern-Pioneer Project Area, which property is the current location of a religious facility, the owners of which facility have expressed the intention of relocating. The Agency plans to acquire the property to facilitate possible future mixed use development.

Wastewater Infrastructure Improvements. The Agency plans to utilize approximately $250,000 of proceeds from the Series 2009A Bonds to finance the construction of a sewer lift station and facilities for wet and dry utilities in the Old Town Kern-Pioneer Project Area along 18th Street and 19th Street in anticipation of new development in that area. Construction of the wastewater facilities is expected to commence in early 2009.

Acquisition of 18th Street Property. The Agency plans to utilize approximately $300,000 of proceeds from the Series 2009A Bonds to finance the acquisition of property located on the west side of the Mill Creek Canal at 600 and 602 18th Street in the Old Town Kern-Pioneer Project Area, which property is currently occupied by a small building used as an adjunct facility for an adjacent commercial strip center.

Facilities to be Financed with Proceeds from the Series 2009B Bonds

The components of the Facilities to be financed, in whole or in part, with the proceeds from the sale of the Series 2009B Bonds are described below.

Mill Creek Linear Park Improvements. The Agency plans to utilize approximately $1,000,000 of proceeds from the Series 2009B Bonds to finance various infrastructure improvements to the Mill Creek Linear Park and the surrounding area in the Southeast Project Area. Engineering and design work for these improvements have been completed, and construction of the improvements is expected to commence in the second quarter of 2009.

LIMITATIONS ON TAX INCREMENT REVENUES

Property Tax Limitations - Article XIIIA

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. Such amendment, which added Article XIIIA to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. Article XIIIA further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that the 1% limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on

(1) indebtedness approved by the voters prior to July 1, 1978, (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or (3) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation, or replacement of school facilities, or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district voting on the proposition, but only if certain accountability measures are included in the proposition.

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

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

Challenges to Article XIIIA

There have been many challenges to Article XIIIA of the California Constitution. In 1992, the United States Supreme Court heard the appeal in *Nordlinger v. Hahn,* a challenge relating to residential property. Based on the facts presented in *Nordlinger,* the United States Supreme Court held that the method of property tax assessment under Article XIIIA did not violate the federal Constitution. The Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Agency's receipt of tax increment should a future decision hold unconstitutional the method of assessing property.

Legislation Affecting Apportionment of Property Taxes

The apportionment of property taxes in fiscal years after 1978-79 has been revised pursuant to Chapter 282 of the California Statutes of 1979 ("Chapter 282"), which provides relief funds from State moneys beginning in fiscal year 1978-79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more of the remaining property tax revenues collected under Proposition 13 instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the TRA within which the growth occurs, except for certain utility property assessed by the California State Board of Equalization ("SBE"), which is allocated by a different method discussed herein.

Property Tax Collection Procedures

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

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

Penalties. A 10% penalty is added to delinquent taxes that have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption and a $15 Redemption Fee. If taxes are unpaid for a period of five years or more, the property is recorded in a "Power to Sell" status and is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes on property on the unsecured roll and, further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

Delinquencies. The valuation of property is determined as of January 1 each year and equal installments of taxes levied on secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 at 5:00 p.m. and are subject to penalty; unsecured taxes added to roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Supplemental Assessments. Senate Bill No. 813 (Chapter 498, California Statutes of 1983) ("SB 813"), provided for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. SB 813 may provide increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. Supplemental assessments have not been included in any of the projections of Tax Increment Revenues included in this Official Statement. To the extent such supplemental assessments occur within a Project Area, applicable Tax Increment Revenues may increase.

Tax Collection Fees. Senate Bill No. 2557 (Chapter 466, California Statutes of 1990) ("SB 2557") authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities that are subject to a property tax administration charge. Such costs are deducted prior to a determination of tax increment for each Project Area, which tax increment is used to determine (i) the Net Tax Increment Revenues for the Old Town Kern-Pioneer Project Area, which are pledged, and which constitute the primary source of funds, to pay debt service on the Series 2009A Bonds, and (ii) the Net Tax Increment Revenues for the Southeast Project Area, which are pledged, and which constitute the primary source of funds to pay debt service on the Series 2009B Bonds. The County's administrative charges for each Project Area for fiscal year 2007-08 were as follows: (a) $55,421 for the Southeast Project Area, which amount was 1.28% of the Southeast Project Area's gross tax increment; and (b) $31,871 for the Old Town Kern-Pioneer Project Area, which amount was 1.28% of the Old Town Kern-Pioneer Project Area's gross tax increment. The County's administrative charges for each Project Area for fiscal year 2008-09 are not yet available. The County's administrative charges for each Project Area for fiscal year 2008-09 and for all subsequent fiscal years, as reflected in the projections contained herein, have been estimated at 1.25% of gross applicable tax increment for the applicable Project Area. See also "HISTORICAL AND PROJECTED TAX INCREMENT REVENUES."

Allocation of Tax Increment to Agency. It is the practice of the Auditor-Controller to allocate to redevelopment agencies, including the Agency, 100% of the tax increment projected by the equalized tax roll, without regard to collections, cancellations, or refunds. Consequently, the tax increment received by the Agency each fiscal year is not subject to revenue loss due to delinquencies or gains due to redemptions. The Auditor-Controller currently allocates such tax increment to redevelopment agencies, including the Agency, as follows: in December of each year, the Auditor-Controller allocates approximately 50% of projected tax increment to the redevelopment agencies; in April of each year, the Auditor-Controller allocates the remaining 50% of projected tax increment to the redevelopment agencies; the Auditor-Controller allocates supplemental tax increment (derived from a reassessment of property due to a change of ownership or completion of new construction) to the redevelopment agencies based on collections on a monthly basis beginning in November and continuing through July of each fiscal year. Such administrative practices of the Auditor-Controller are subject to change without notice and no assurance can be made that such administrative practice will continue.

Tax Rates

Tax rates vary from area to area within the State, as well as within a community and a redevelopment project area. The tax rate for any particular parcel is based on the jurisdictions levying the tax rate for the area in which the parcel is located. A tax rate consists of the General Tax Rate of $1.00 per $100 of taxable value, as determined by Article XIIIA of the California Constitution, plus an Override Rate approved by voters or authorized under Article XIIIA, if any, that exceeds the General Tax Rate. For a discussion of the tax rates applicable to the Project Area, see "THE PROJECT AREAS – Tax Rates in Project Areas."

Appropriations Limitations - Article XIIIB

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

Effective November 30, 1980, the California Legislature added Section 33678 to the Law, which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIIIB, nor will such portion of taxes be deemed receipt of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Law.

Proposition 87

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

Proposition 87, approved by voters of the State on November 8, 1993, requires that all revenues produced by a tax rate increase (approved by the voters on or after January 1, 1989) go directly to the taxing entity that increases the tax rate to repay the general obligation bonded indebtedness. As a result, redevelopment agencies no longer receive an increase in tax increment when taxes on property in the project area are increased to repay voter-approved general obligation debt.

Proposition 218

On November 5, 1996, California voters approved Proposition 218, the self-titled "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges. Net Tax Increment Revenues from the Old Town Kern-Pioneer Project Area securing the Series 2009A Bonds, and Net Tax Increment Revenues from the Southeast Project Area securing the Series 2009B Bonds, are all derived from property taxes, which are outside the scope of taxes, assessments, and property-related fees and charges that were limited by Proposition 218.

AB 1290

In 1993, the California Legislature enacted Assembly Bill 1290 (Chapter 942, California Statutes of 1993) ("AB 1290"), which contained several significant changes in the Law. Among the changes made by AB 1290 was a provision that limits the period of time for incurring and repaying loans, advances, and indebtedness payable from tax increment. In general, a redevelopment plan adopted prior to January 1, 1994, may terminate not more than 40 years following the date of original adoption, and loans, advances, and indebtedness may be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan.

The Agency believes that the Redevelopment Plans are all in compliance with AB 1290. See "LIMITATIONS ON TAX INCREMENT REVENUES – Redevelopment Plan Limitations."

SB 211

In 2001, the California Legislature enacted Senate Bill 211 (Chapter 741, California Statutes of 2001) ("SB 211"). Among other things, SB 211 provided California cities with the authority to eliminate, by ordinance, the time limit to establish indebtedness in redevelopment project areas adopted prior to January 1, 1994. If a redevelopment plan is so amended, SB 211 further provides that any existing tax sharing agreements shall continue and that certain statutory tax sharing arrangements for entities without tax sharing agreements will commence in the year the eliminated limit would have taken effect. SB 211 also provided that a city may extend the time limit for the effectiveness of a redevelopment plan and the repayment of debt for up to ten years if it can make certain specified findings. The Old Town Kern-Pioneer Project Area and the Southeast Project Area were both adopted after January 1, 1994, and, therefore, neither Project Area is subject to the provisions of SB 211.

Future Initiatives

Article XIIIA, Article XIIIB, and certain other propositions affecting property tax levies were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

Low and Moderate Income Housing

Chapter 1337, California Statutes of 1976, added Sections 33334.2 and 33334.3 to the Law requiring redevelopment agencies to set aside 20% of all tax increment allocated to redevelopment agencies from redevelopment project areas adopted after December 31, 1976, in a low- and moderate-income housing fund to be expended for authorized low- and moderate-income housing purposes. Amounts on deposit in the low- and moderate-income housing fund may also be applied to pay debt service on bonds, loans, or advances of redevelopment agencies to provide financing for such low- and moderate-income housing purposes. Each of the Project Areas is subject to the 20% set-aside requirement for low- and moderate-income housing.

Statement of Indebtedness

Under the Law, the Agency must file with the Auditor-Controller a statement of indebtedness for each Project Area by October 1 of each year. As described below, such statements of indebtedness affect the amount of Tax Increment Revenues derived from the Project Areas that will be paid to the Agency in each fiscal year.

Each statement of indebtedness is filed on a form prescribed by the State Controller and specifies, among other things: (i) the total amount of principal and interest payable on all loans, advances, or indebtedness (including each series of Bonds and all Additional Bonds) in each Project Area, as applicable (the "Debt"), both over the life of the Debt and for the current fiscal year, and (ii) the amount of Available Revenue (as defined below) with respect each Project Area as of the end of the previous fiscal year.

"Available Revenue" is calculated by subtracting the total payments on Debt related to the applicable Project Area during the previous fiscal year from the total revenues (both tax increment and other revenues) related to such Project Area received during the previous fiscal year, plus any carry-forward from the prior fiscal year. Available Revenue includes amounts held by the Agency and irrevocably pledged to the payment of Debt relating to such Project Area other than amounts set aside for low- and moderate-income housing.

The Auditor-Controller may only pay tax increment related to a Project Area to the Agency in any fiscal year to the extent that the total remaining principal and interest on all applicable Debt exceeds the amount of Available Revenue as shown on the statement of indebtedness.

The statement of indebtedness constitutes *prima facie* evidence of the indebtedness of the Agency; however, the Auditor-Controller may dispute the statement of indebtedness in certain cases. Section 33675 of the Law provides for certain time limits controlling any dispute of the statement of indebtedness, and allows for California Superior Court determination of such dispute if it cannot be resolved by the Agency and the County. Any such action may only challenge the amount of the Debt as shown on the statement, and not the validity of any Debt or its related contracts or expenditures. No challenge can be made to payments to a trustee in connection with a bond issue or payments to a public agency in connection with payments by that public agency with respect to a lease or bond issue.

AB 1389 Filings

On September 30, 2008, the California Legislature adopted Assembly Bill 1389 ("AB 1389"), which, among other things, requires redevelopment agencies to report their statutory payments pursuant to AB 1290 and SB 211, by each project area and for each taxing agency, to their respective county auditors. Such reports are required to include such data for each of the five fiscal years from 2003-04 through 2007-08 by October 1, 2008, and annually by October 1 for the following six years. Failure to make such filing in accordance with AB 1389 may subject a redevelopment agency to financial penalties. The Agency has filed all its necessary AB 1389 filings as of the date of this Official Statement.

AB 1389 also requires redevelopment agencies to shift approximately $350 million in property tax revenues to the respective county ERAFs (as defined herein) prior to May 10, 2009, for fiscal year 2008-09. See “RISK FACTORS - State Budget and ERAF Shift.”

Redevelopment Plan Limitations

Section 33333.2 of the Law requires that, for redevelopment plans adopted on or after January 1, 1994, each redevelopment agency must include in each redevelopment plan certain limitations. These include a time limitation on the effectiveness of the redevelopment plan that is not to exceed 30 years from the date of adoption of the redevelopment plan or, in the case of territories added to an existing redevelopment plan, the date that said added territory was adopted. Section 33333.2 further requires such redevelopment plans to limit the establishment of loans, advances, and indebtedness to be paid from tax revenues to 20 years from the date of the plan adoption or from the date of the addition of added territory. The redevelopment plan must limit the repayment of indebtedness to 45 years from the date of adoption or addition of added territory and limit commencement of eminent domain proceedings to 12 years from the date of adoption or addition of added territory.

In 2003, the State Legislature enacted Senate Bill 1045 (Chapter 260, California Statutes of 2003) (“SB 1045”), which effected several amendments to the Law. Among other things, SB 1045 provided a simplified methodology for extending the length of time within which the Agency may repay indebtedness with tax increment. See “THE PROJECT AREAS – Redevelopment Plan Limitations.”

Statutory Pass-Throughs

Pass-through payments to Taxing Agencies are made in accordance with the following formulas pursuant to Section 33607.5, which was enacted pursuant to AB 1290:

(a) 20% of gross tax increment (or 25% of revenue after deduction for the required low- and moderate-income housing set-aside) is to be allocated to the Taxing Agencies for the first fiscal year through the last fiscal year for which the Project Area receives tax increment;

(b) an additional 16.8% of the gross tax increment (or 21% after deduction for required the low- and moderate-income housing set-aside) is to be allocated to the Taxing Agencies from the 11th through the last fiscal year, based on the increase in assessed value over the project area assessed value in the 10th fiscal year; and

(c) an additional 11.2% of the gross tax increment (14% after deduction for the required low- and moderate-income housing set-aside) is to be allocated to the Taxing Agencies from the 31st through the last fiscal year, based on the increase in assessed value over the project area assessed value in the 30th fiscal year.

The payments to the affected Taxing Agencies are allocated between each Taxing Agency in proportion to the share of property taxes each such Taxing Agency receives in the year funds are allocated. Statutory tax sharing payments made pursuant to Section 33607.5 within the applicable Project Area began with the first fiscal year for which they were allocated tax increment. Such pass-through payments have been taken into account by the Fiscal Consultant for purposes of projecting the amount of Tax Increment Revenues in this Official Statement.

Section 33607.5(e) of the Law specifies a procedure whereby the Agency may request subordination of the statutory tax sharing payments to payment of debt service on the Bonds by all of the Taxing Agencies in the Project Areas, as applicable. As part of this request, the Agency must provide substantial evidence to the Taxing Agencies that it will have sufficient funds to make the debt service payments on the Bonds as well as making the required statutory tax sharing payments. The Taxing Agencies may respond and agree to the subordination request, they may do nothing and after 45 days be deemed to have agreed to the subordination, or they may disapprove the subordination request. A Taxing Agency may disapprove a subordination request only if it believes based on substantial evidence that the Agency's financial estimates are incorrect and that the Agency will not be able to make debt service and the tax sharing payments. The Agency does not believe that subordination of the statutory tax sharing payments by the applicable Taxing Agencies is required in connection with the Bonds, and has not requested such subordination from any such Taxing Agency.

Assessment Appeals

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

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

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

Utility companies and railroads may contest the taxable value of utility property to the SBE. Generally, the impact of utility appeals is on the State-wide value of a utility determined by SBE. As a result, the successful appeal of a utility may not impact the taxable value of a project area but could impact a project area's allocation of unitary property taxes.

The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. Because the Auditor-Controller adjusts revenues to the Agency to reflect roll corrections from successful appeals, the Agency may bear the burden of appeals. The actual valuation impact to the Project Areas from successful assessment appeals will occur on the assessment roll prepared after the actual valuation reduction.

For information regarding successful and pending appeals in the Project Areas, see "THE PROJECT AREAS – Assessment Appeals in the Project Areas."

RISK FACTORS

The following information should be considered by prospective investors in evaluating each series of Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the Bonds of any series. In addition, the order in which the following information is presented is not intended to reflect the relative importance of these risks.

Loss of Tax Exemption on Series 2009A Bonds and Series 2009B Bonds

As discussed under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2009A Bonds and the Series 2009B Bonds, the Agency has covenanted in the Series 2009A Indenture and the Series 2009B Indenture, respectively, not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2009A Bonds or the Series 2009B Bonds, as applicable, under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, the Agency has covenanted under the Series 2009A Indenture and the Series 2009B Indenture, respectively, not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on any of the Series 2009A Bonds or the Series 2009B Bonds, as applicable, under Section 103 of the Code. Interest on the Series 2009A Bonds or the Series 2009B Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2009A Bonds or the Series 2009B Bonds, as applicable, were issued as a result of acts or omissions of the Agency in violation of the Code. Should such an event of taxability occur with respect to either such series of Bonds, neither the Series 2009A Bonds nor Series 2009B Bonds are subject to acceleration or early redemption and will remain outstanding to maturity.

The Bonds are Limited Obligations

The Bonds of each series are limited obligations of the Agency payable solely from and secured solely by the amounts pledged therefor under the applicable Indenture, which amounts are comprised of Net Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area or the Southeast Project Area, as applicable, and moneys held in certain of the funds established under such applicable Indenture. **There is no guaranty that the amount of annual Net Tax Increment Revenues or that are collected by the Agency will be sufficient to pay principal of and interest on the applicable series of Bonds.**

Parity Debt

The Agency may issue other bonds or incur other obligations payable from Net Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area on a parity with the Series 2009A

Bonds, provided that the conditions set forth in the Series 2009A Indenture and the CIEDB Loan Agreement are met. See “SECURITY FOR SERIES 2009A BONDS – Issuance of Additional Bonds.” The Agency has previously entered into the CIEDB Loan Agreement, pursuant to which CIEDB made the CIEDB Loan to the Agency in the amount of $10,000,000, the repayment of which bears interest at a tax-exempt rate of 3.11% per annum. Pursuant to the CIEDB Loan Agreement, repayment of the CIEDB Loan is secured by Net Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area on a parity with the Series 2009A Bonds. Any debt issued by the Agency on a parity with the Series 2009A Bonds, including the CIEDB Loan, necessarily limits the availability of Net Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area. Notwithstanding the Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area, pursuant to the Series 2009A Indenture, Owners of the Series 2009A Bonds are not guaranteed that sufficient Net Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area will be available to pay debt service on the Series 2009A Bonds. See “SECURITY FOR SERIES 2009A BONDS” and “HISTORICAL AND PROJECTED TAX INCREMENT REVENUES.”

The Agency may issue other bonds or incur other obligations payable from Net Tax Increment Revenues generated within the Southeast Project Area on a parity with the Series 2009B Bonds, provided that the conditions set forth in the Series 2009B Indenture are met. See “SECURITY FOR SERIES 2009B BONDS – Issuance of Additional Bonds.” Any debt issued by the Agency on a parity with the Series 2009B Bonds necessarily limits the availability of Net Tax Increment Revenues generated within the Southeast Project Area. Notwithstanding the Tax Increment Revenues generated within the Southeast Project Area, pursuant to the Series 2009B Indenture, Owners of the Series 2009B Bonds are not guaranteed that sufficient Net Tax Increment Revenues generated within the Southeast Project Area will be available to pay debt service on the Series 2009B Bonds. See “SECURITY FOR SERIES 2009B BONDS” and “HISTORICAL AND PROJECTED TAX INCREMENT REVENUES.”

Senior Debt

The Agency has heretofore entered into HUD Loan No. 1, the repayment of which is secured by a lien on Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area that is superior to the lien that secures the repayment of the Series 2009A Bonds and the CIEDB Loan. See “SECURITY FOR SERIES 2009A BONDS – Outstanding Senior Debt – Series 2009A Bonds” and “HISTORICAL AND PROJECTED TAX INCREMENT REVENUES – Projected Net Tax Increment Revenues and Debt Service Coverage for Series 2009A Bonds.”

The Agency has heretofore entered into HUD Loan No. 2 and HUD Loan No. 3, the repayment of which is secured by a lien on Tax Increment Revenues generated within the Southeast Project Area that is superior to the lien that secures the repayment of the Series 2009B Bonds. See “SECURITY FOR SERIES 2009B BONDS – Outstanding Senior Debt – Series 2009B Bonds” and “HISTORICAL AND PROJECTED TAX INCREMENT REVENUES – Projected Net Tax Increment Revenues and Debt Service Coverage for Series 2009B Bonds.”

Reduction of Tax Increment Revenues

Net Tax Increment Revenues generated within the Old Town Kern-Pioneer Project Area constitute the primary security for the Series 2009A Bonds. Net Tax Increment Revenues generated within the Southeast Project Area constitute the primary security for the Series 2009B Bonds. Tax Increment Revenues are determined based on the amount of incremental value of taxable property in the applicable Project Area, the current rate or rates at which property in such Project Area is taxed, and the percentage of taxes collected in such Project Area.

Several types of events beyond the control of the Agency could occur and cause a reduction in available Net Tax Increment Revenues that secure the applicable series of Bonds, including, among others, the following: (i) a reduction of taxable assessed values of property in the applicable Project Area caused by local or regional economic factors; (ii) a relocation out of the applicable Project Area by one or more major property owners; (iii) successful appeals by property owners in an applicable Project Area for a reduction in a property's assessed value; (iv) a reduction of the general inflationary rate; or (v) the destruction of property caused by natural or other disasters. Such risk increases in proportion to the percentage of total assessed value attributable to any single property owner in an applicable Project Area. For information regarding the largest property owners of each of the Project Areas, see "THE PROJECT AREAS – Major Taxpayers in the Project Areas."

Reduction in Inflationary Rate

Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis.

Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation five times: in fiscal year 1983/84, 1%; in fiscal year 1995-96, 1.19%; in fiscal year 1996-97, 1.11%; in fiscal year 1999/00, 1.85%; and in fiscal year 2004/05, 1.867%.

The Agency is unable to predict if any adjustments to the full cash value base of real property within any of the Project Areas, whether an increase or a reduction, will be realized in the future. In the event that the assessed value of real property in any of the Project Areas does not increase at the allowed annual rate of 2%, the Agency's receipt of Tax Increment Revenues may be adversely affected. See "LIMITATIONS ON TAX INCREMENT REVENUES."

Distressed Housing Market

From approximately 2002 through the first half of 2006, the California housing market experienced accelerating demand and significant price appreciation. One factor that contributed to the positive housing marketing during this period was the use of unconventional mortgage structures, including mortgages that bear a low initial (or "teaser") fixed interest rate that converts to an adjustable rate after several years, and interest-only mortgages that include a balloon payment after a fixed period of interest-only payments. Many homeowners who financed the purchase of their homes with such mortgages have experienced significant increases in their monthly mortgage payments after the initial low-interest period. Some of these homeowners have not been able to maintain payments on their existing loans or to obtain refinancing loans for their homes. As a result of such mortgage practices and other economic factors, foreclosure proceedings in California have increased dramatically since 2006, and the California housing market has recently experienced a significant decrease in the demand for housing product and in home sale prices, an increase in new home inventory, and a tightening of credit by mortgage lenders. The Agency has not undertaken to assess the financial condition of the current owners of the residential properties within any of the Project Areas and expresses no opinion concerning these matters. The Agency cannot predict and expresses no opinion as to whether or how such factors may affect appeals of assessed values or delinquencies in the collection of property taxes within any of the Project Areas.

Future Initiatives, Litigation, or Changes in Law

In addition to the existing limitations on Tax Increment Revenues described herein under "LIMITATIONS ON TAX INCREMENT REVENUES," the California electorate could adopt future initiative measures, or the California Legislature could pass future legislation, with the effect of reducing Tax Increment Revenues payable to the Agency, or the Agency's ability to expend tax increment. Similarly, future federal or California litigation could result in case law precedent affecting Tax Increment Revenues payable to the Agency, or the Agency's ability to expend tax increment.

Levy and Collection of Taxes

The Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Increment Revenues and, accordingly, could have an adverse impact on the ability of the Agency to pay principal of and interest on the applicable series of Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in any Project Area, and the impact of bankruptcy proceedings on the ability of Taxing Agencies to collect property taxes on property therein, could have an adverse effect on the Agency's ability to make timely payments of debt service on the applicable series of Bonds. Any reduction in Tax Increment Revenues, whether for any of the aforementioned reasons or any other reasons, could have an adverse effect on the Agency's ability to pay the principal of and interest on the applicable series of Bonds.

Estimates of Tax Increment Revenues

To estimate the total revenues available to pay debt service on each series of Bonds, the Agency has made certain assumptions with regard to the assessed valuation in each of the Project Areas, future tax rates, percentage of taxes collected, and the amount of funds available for investment and the interest rate at which those funds will be invested. The Agency believes such assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates, the percentage of taxes collected, the amount of the funds available for investment, or the interest rate at which they are invested, are less than the Agency's assumptions, the total revenues available to pay debt service on the Bonds may be less than those projected in this Official Statement. See "HISTORICAL AND PROJECTED TAX INCREMENT REVENUES – Projected Net Tax Increment Revenues and Debt Service Coverage for Series 2009A Bonds" and "– Projected Net Tax Increment Revenues and Debt Service Coverage for Series 2009B Bonds."

As noted above, Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such adjustments are computed on a calendar year basis. In projecting future Tax Increment Revenues, the Agency has assumed the 2% inflationary increases. However, future deflation could cause decreases in property values, a reduction in tax revenues received by the Agency, and a reduction in Tax Increment Revenues. See "SECURITY FOR SERIES 2009A BONDS," "SECURITY FOR SERIES 2009B BONDS," and "LIMITATIONS ON TAX INCREMENT REVENUES."

Concentration of Ownership

The assessed value of the property owned by the 10 largest taxpayers in the Southeast Project Area currently represents approximately 18.41% of the total assessed value in the Southeast Project Area. The assessed value of the property owned by the 10 largest taxpayers in the Old Town Kern-Pioneer

Project Area currently represents approximately 14.42% of the total assessed value in the Old Town Kern-Pioneer Project Area. See “THE PROJECT AREAS – Major Taxpayers in the Project Areas.”

Events causing a reduction in assessed value of or physical damage to property in a Project Area owned by one or more of the 10 largest property owners therein, or any future owner of significant property in a Project Area, such as physical damage by fire, earthquake, or other causes, may significantly delay or ultimately reduce the payment of property taxes in such Project Area, which may affect the amount or receipt of Tax Increment Revenues. In addition, bankruptcy or financial difficulties arising with respect to a current or future major property owner may also significantly delay or ultimately reduce payment of property taxes in such Project Area.

Failure to Develop Property

The construction of the Facilities has not yet been completed and there are still land development activities occurring within the Project Areas. Land development operations, including construction of the Facilities, are subject to comprehensive federal, State, and local regulations, as well as general and local economic conditions. Approval is required from various agencies in connection with the layout and design of the Facilities, the nature and extent of the planned improvements, construction activity, land use, zoning, and health requirements, as well as numerous other matters. Although many such approvals have been obtained, it is possible that the remaining approvals will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy any such governmental requirements could adversely affect the construction of the Facilities. In addition, there is a risk that future governmental requirements, including, but not limited to, governmental policies restricting or controlling development in one or more of the Project Areas, will be enacted, and a risk that future land use initiatives approved by the voters in the City or the State could add more restrictions and requirements on development therein. See ‘FACILITIES TO BE FINANCED WITH BOND PROCEEDS.”

Natural Disasters

The value of the property in the Project Areas in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements, as well as private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides, fire storms and floods, and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Project Areas could be diminished in the aftermath of such events. A substantial reduction of the value of such properties could affect the ability or willingness of the property owners to pay the property taxes. The City, like most communities in California, is an area of unpredictable seismic activity and therefore is subject to potentially destructive earthquakes. In addition, drought conditions in Southern California in recent years, combined with higher than average temperatures and Santa Ana winds, have created conditions that are from time to time conducive to wildfires.

Hazardous Substances

The discovery of hazardous substances on the property in any Project Area could limit the beneficial use of taxable property in such Project Area. An owner or operator of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. Moreover, such owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. Should a hazardous substance affect any of the property in a Project Area, the effect could be to reduce the marketability and value of the property by the costs of remedying the condition or other amounts. Such costs could result in the reduction in the assessed value of the affected property, which could adversely affect the ability of the Agency to pay debt service with respect to the applicable series of Bonds.

Bankruptcy Risks

The enforceability of the rights and remedies of the Owners of the Bonds of each series, and the obligations of the Agency with respect thereto, may become subject to the following: (i) the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; (ii) usual equitable principles which may limit the specific enforcement under state law of certain remedies; (iii) the exercise by the United States of America of the powers delegated to it by the federal Constitution; and (iv) the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

State Budget and ERAF Shift

In connection with its approval of the State's annual budgets, the State Legislature has from time to time enacted legislation that, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency's tax increment, net of amounts due to other taxing agencies, into the Education Revenue Augmentation Fund ("ERAF") held by the applicable county. The amount required to be deposited into the applicable ERAF by a redevelopment agency under such legislation is generally apportioned among all of its redevelopment project areas on a collective basis, and is not allocated separately to individual project areas. The 2004-05 State budget included a transfer by redevelopment agencies to the applicable ERAFs of $250 million in each of fiscal years 2004-05 and 2005-06. The Agency's share of the shift for fiscal year 2004-05 was $248,076 and the share for fiscal year 2005-06 was $286,574 for all three Project Areas. The Agency paid its fiscal year 2004-05 payment and its fiscal year 2005-06 payment on a timely basis. The State's budgets for fiscal years 2006-07 and 2007-08 did not require ERAF transfers of tax increment by redevelopment agencies. Although the State's voters approved a constitutional amendment on the November 2004 ballot (the "Local Government Initiative"), which purports to prohibit any further transfers of non-education local government property taxes for the benefit of the State, the Local Government Initiative does not purport to change existing law with respect to the State's ability to transfer redevelopment agencies' property tax revenues.

On September 23, 2008, Governor Schwarzenegger signed the adopted State budget for fiscal year 2008-09. On September 30, 2008, Governor Schwarzenegger signed AB 1389, which, among other things, requires redevelopment agencies to shift approximately $350 million in property tax revenues to the respective county ERAFs prior to May 10, 2009, for fiscal year 2008-09. The Agency's ERAF payment for fiscal year 2008-09 is estimated to be approximately $571,840. Similar to past ERAF shifts, the legislation allows the Agency to make the ERAF payment from any available source, except for low and moderate income housing funds held as of July 1, 2008. The Agency has sufficient resources to make the 2008-09 ERAF payment without using tax increment derived from any of the Project Areas for fiscal year 2008-09 or future fiscal years.

The validity of AB 1389 has been challenged in litigation pending in the Superior Court for Sacramento County, California Redevelopment Association et al. v. Genest et al., Case No. 34-2008-00028334-CU-WM-GDS ("CRA v. Genest"). This case alleges, among other things, that the duties of county auditors under Health and Safety Code Sections 33685(a) and 33687(a) to deposit funds received from redevelopment agencies in county ERAFs are inconsistent with various State and federal constitutional provisions and are therefore unlawful and unenforceable. The lawsuit argues that the State raids of redevelopment funds to balance the State budget are unconstitutional, violating Article XVI, Section 16 of the California Constitution, which states that redevelopment funds can only be used to finance redevelopment projects. The lawsuit contended that taking redevelopment funds to balance the State's budget does not qualify as a constitutionally permitted use of tax increment. On April 30, 2009, the Sacramento Superior Court ruled in favor of the petitioners, holding that petitioners are entitled to declaratory and injunctive relief invalidating and enjoining Health and Safety Code Section 33685. The court stated that the "distribution of contributions by RDAs to their county ERAFs ... can be expected to regularly result in the use of RDA's tax increment revenues by schools and education programs unrelated to the RDA's redevelopment projects." A judgment was signed by the Sacramento Superior Court on May 7, 2009, forbidding any of the defendants from taking any actions to carry out or enforce any of the payment requirements in Health and Safety Code Sections 33685 through 33689. Based on such ruling, the Agency did not pay its share of the ERAF payment by the May 10, 2009 deadline. The State Department of Finance is the principal defendant in the lawsuit and is expected to appeal the decision. Neither the Agency nor the City can predict the outcome of this litigation, if appealed.

On February 20, 2009, Governor Schwarzenegger signed the adopted State budget for fiscal year 2009-10. The 2009-10 State budget does not require an ERAF transfer of tax increment revenues by redevelopment agencies. The Agency cannot predict, however, whether the State Legislature will enact further legislation in the future impacting the Agency's tax revenue receipts with respect to the Project Areas. Given the budget issues currently faced by the State, it is possible that future budgets will include additional ERAF shifts or other legislation reducing the tax revenues allocated to redevelopment agencies. Information about the State budget for fiscal year 2008-09 and State spending is available at various State-maintained websites. Text of the State budget for fiscal year 2008-09 and the Governor's Proposed Budget for fiscal year 2009-10 may be found at the website of the Department of Finance, www.dof.ca.gov. An analysis of the current State budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. None of such websites is in any way incorporated into this Official Statement, and the Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Litigation Regarding Two Percent Limitation

In a Minute Order issued on November 2, 2001, in County of Orange v. Orange County Assessment Appeals Board No. 3, the Orange County Superior Court held that the Orange County Assessor violated the 2% inflation adjustment provision of Article XIIIA when, in a case in which a home's taxable value did not increase for two years due to a flat real estate market, the Assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in all California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved such methodology for increasing assessed values. On December 12, 2002, the Orange County Superior Court ruled to restate the complaint as a class action, which could have the effect of extending its ruling to other similar cases. During 2002, two similar cases relating to properties in San Diego and Los Angeles Counties were heard and decided differently on the issue of the ability of a county assessor to recapture value at greater than 2% per year.

The Orange County Superior Court ruling was appealed by the Orange County Assessor and oral arguments before Division 3 of the California Court of Appeals, Fourth District, in Santa Ana, California, were heard on January 7, 2004. On March 26, 2004, the Court of Appeals overturned the Orange County Superior Court ruling and determined that the methodology used by the Orange County Assessor was constitutional. On May 5, 2004, the respondent filed a petition to the California Supreme Court for review of the decision published by the Court of Appeal. On July 21, 2004, the California Supreme Court denied the petition to review the decision by the Court of Appeal. This action concluded the legal review of this case.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Economic, Political, Social, and Environmental Conditions

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State of federal revenues, fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters.

THE AGENCY

The Agency was established pursuant to the Law and was originally activated pursuant to by Resolution No. 1709, adopted by the City Council on December 18, 1967. The Agency is charged with the authority and responsibility of redeveloping and eliminating blighted areas of the City. The Agency's Component Unit Financial Report for the fiscal year ended June 30, 2008, is attached as Appendix D.

All powers of the Agency are vested in seven members, who are appointed by the Mayor of the City and confirmed by the City Council. The current members of the Agency include the following individuals:

J. Philip Bentley, Chair
Danny Ordiz, Member
Larry Pickett, Member
Frederick Prince, Member
Sara Takii, Member
Larry Koman, Member
Jim Knapp, Member

The Agency exercises all the governmental functions as authorized under the Law and has, among other powers, the authority to acquire, administer, develop, lease, or sell property, including the right of eminent domain and the right to issue bonds and expend the proceeds thereof. The Agency can clear buildings and other improvements and can develop as a building site any real property owned or acquired and in connection with such development, cause streets, highways, and sidewalks to be constructed or reconstructed, and cause public utilities to be installed.

The Agency may, out of funds available for such purposes, pay for all or part of the value of land and the cost of building facilities, structures, or other improvements to be publicly owned and operated to the extent that such improvements are of benefit to the Project Areas and no other reasonable means of financing are available. The Agency must sell or lease property in the Project Areas for redevelopment in strict conformity with the applicable Redevelopment Plan and may specify a period within which such redevelopment must begin or be completed.

THE AUTHORITY

The Authority is a joint powers authority duly organized and existing under the provisions of Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500, *et seq.*) of the California Government Code (the "JPA Act"), and pursuant to that certain Joint Exercise of Powers Agreement, dated July 7, 1993 (the "Joint Powers Agreement"), by and between the City and the Agency. As provided in the JPA Act, the Authority is a public entity separate and apart from the City and the Agency, and the debts and obligations of the Authority do not constitute debts or obligations of the City or the Agency. The Authority is authorized to issue bonds and notes for purposes permitted under the JPA Act, including purchasing bonds issued by the Agency or making loans to the Agency to refinance indebtedness incurred in connection with public capital improvements and redevelopment activities undertaken by the Agency.

Upon the issuance of each series of Bonds, such Bonds will be sold by the Agency to the Authority, and concurrently resold by the Authority to the Underwriter, pursuant to the Marks-Roos Act and the terms of the Bond Purchase Agreement. See "THE FINANCING PLAN – Negotiated Sale of Bonds" and "UNDERWRITING."

BANK QUALIFIED BONDS

The Agency has designated the Series 2009A Bonds and the Series 2009B Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code. Pursuant to that section, a qualifying financial institution will be allowed a deduction from its own federal corporate income tax for the portion of interest expense the financial institution is able to allocate to designated "bank-qualified" investments.

TAX MATTERS

The Series 2009A Bonds and the Series 2009B Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel ("Bond Counsel") to the Agency, as issuer of the Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2009A Bonds and the Series 2009B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Complete copies of the proposed forms of opinion of Bond Counsel with respect to the Series 2009A Bonds and Series 2009B Bonds are set forth in Appendix E hereto.

Further Information Respecting the Series 2009A Bonds and the Series 2009B Bonds

To the extent the issue price of any maturity of the Series 2009A Bonds or the Series 2009B Bonds is less than the amount to be paid at maturity of such Series 2009A Bonds or Series 2009B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2009A Bonds or Series 2009B Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2009A Bonds or Series 2009B Bonds, which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2009A Bonds or Series 2009B Bonds is the first price at which a substantial amount of such maturity of the Series 2009A Bonds or Series 2009B Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The original issue discount with respect to any maturity of the Series 2009A Bonds or Series 2009B Bonds accrues daily over the term to maturity of such Series 2009A Bonds or Series 2009B Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2009A Bonds or Series 2009B Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2009A Bonds or Series 2009B Bonds. Beneficial Owners of the Series 2009A Bonds or Series 2009B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2009A Bonds or Series 2009B Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2009A Bonds or Series 2009B Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2009A Bonds or Series 2009B Bonds is sold to the public.

Series 2009A Bonds or Series 2009B Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Series 2009A Bonds" or "Premium Series 2009B Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Series 2009A Bonds or the Premium Series 2009B Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax exempt interest received, and a Beneficial Owner's basis in a Premium Series 2009A Bond or a Premium Series 2009B Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Series 2009A Bonds or Premium Series 2009B Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2009A Bonds or Series 2009B Bonds. The Agency has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Series 2009A Bonds or Series 2009B Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2009A Bonds or Series 2009B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2009A Bonds or Series 2009B Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2009A Bonds or Series 2009B Bonds may adversely affect the value of, or the tax status of interest on, the Series 2009A Bonds or Series 2009B Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2009A Bonds or Series 2009B Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2009A Bonds or Series 2009B Bonds may otherwise affect a Beneficial Owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2009A Bonds or Series 2009B Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners of the Series 2009A Bonds or Series 2009B Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Series 2009A Bonds or Series 2009B Bonds. Prospective purchasers of the Series 2009A Bonds or Series 2009B Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2009A Bonds or Series 2009B Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Agency, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Agency has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to each of the Series 2009A Bonds and Series 2009B Bonds ends with the issuance of each series of such Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Agency or the Beneficial Owners regarding the tax-exempt status of the Series 2009A Bonds or the Series 2009B Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Agency and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2009A

Bonds or the Series 2009B Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2009A Bonds or the Series 2009B Bonds, and may cause the Agency or the Beneficial Owners to incur significant expense.

UNDERWRITING

Each series of Bonds is being purchased by George K. Baum & Company, as Underwriter. The Underwriter has agreed to purchase each series of Bonds at the following prices: (i) $1,936,489.50 for the Series 2009A Bonds (which represents the aggregate principal amount of the Series 2009A Bonds, less an Underwriter's discount of $25,080.00, less a net original issue discount of $128,430.50); and (ii) $1,177,628.00 for the Series 2009B Bonds (which represents the aggregate principal amount of the Series 2009B Bonds, less an Underwriter's discount of $14,880.00, less a net original issue discount of $47,492.00). The contract of purchase pursuant to which each series of Bonds is being purchased by the Underwriter (the "Bond Purchase Agreement") provides that the Underwriter will purchase all of the Bonds of each series if any are purchased.

The initial public offering prices to be stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds of each series to certain dealers, dealer banks, banks acting as agents, and others at prices lower than said public offering prices.

CONTINUING DISCLOSURE

The Agency will covenant in a Series 2009A Bonds Continuing Disclosure Certificate and a Series 2009B Bonds Continuing Disclosure Certificate (collectively, the "Continuing Disclosure Certificates") to provide certain financial information and operating data relating to the Agency and notices of certain events, if material. The specific nature of the information to be provided pursuant to each Continuing Disclosure Certificate, the applicable deadlines for filing such information, and the entities to which such information must be provided will be set forth in each Continuing Disclosure Certificate, as applicable, forms of which are attached hereto as Appendix F. Such covenants will be made by the Agency in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12, as amended. The Agency has never failed to provide any previous continuing disclosure or notices of material events. See "APPENDIX F – FORMS OF CONTINUING DISCLOSURE CERTIFICATES."

RATINGS

Moody's Investors Service, Inc. has assigned a municipal bond ratings of "Baa2" to the Series 2009A Bonds and "Baa1" to the Series 2009B Bonds. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the foregoing ratings may have an adverse effect on the market price of the applicable series of Bonds.

NO LITIGATION

The Agency will certify, and the City Attorney will render a separate opinion on behalf of the Agency, upon the issuance of each series of Bonds, to the effect that, to the best knowledge of such parties after due inquiry, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency, or body, pending or threatened against the Agency, challenging the creation, organization, or existence of the Agency, or the validity of the Bonds, the Series 2009A Indenture, the Series 2009B Indenture, or the Bond Purchase Agreement (collectively, the "Financing Documents"), or seeking to restrain or enjoin the repayment of the Bonds, or which, in any manner, questions the right of the Agency to use Net Tax Increment Revenues for the repayment of the Bonds, or affects in any manner the right or ability of the Agency to collect or pledge the Tax Increment Revenues.

CERTAIN LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, will render opinions with respect to the Series 2009A Bonds and the Series 2009B in substantially the forms set forth in Appendix E attached hereto. Copies of such opinions will be furnished to the Underwriter and the Agency at the time of delivery of each series of Bonds. Certain legal matters will be passed upon for the City and the Agency by the City Attorney, by Aleshire & Wynder, LLP, Irvine, California, Deputy Special Counsel, and by Goodwin Procter LLP, Los Angeles, California, Disclosure Counsel.

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MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of each series of Bonds. Quotations from and summaries and explanations of the Bonds of each series and of statutes and other documents contained in this Official Statement do not purport to be complete and reference is made to such statutes and documents for full and complete statements of their provisions.

The preparation and distribution of this Official Statement have been authorized by the Agency.

BAKERSFIELD REDEVELOPMENT AGENCY

By /s/ Alan Tandy
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

SUMMARY OF INDENTURE RELATED TO THE SERIES 2009A BONDS

Definitions

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k N ” 3 W – Q q H 5 M 2– $– d q H 5 &W 2– $– d 2– $– 5 q H Q–M M X 5 W q H $ –H M W M Q– (H– – 2 X Q– M (H– – M H G M$ / W M Q– q H x M–”

k .I k ” 3 W – Q q %l q H Q–M q H 5 M – $– –/ $ – –H $ W M Q– 5 W D Q$ — 5 M – $ M W – W – 5 M W – Q M H $ $ 5 W (H– –”

k E ” 3 W – Q q $ – x M Q–M M H M 5 W –M W$&W G M % $ D– 8 %d D– 8 %d z u / –X d N M$5 $M M H M W X M& $ W$&W W N M–3 V 5$& 5 W 3 — $ X &M H M– – $–H M W $–H –Q M$ &X –H M H W$&W W D– 8 %2 &%I &W M / – $ &X –H'

- ’I Ek ” 3 W – Q N(I x q Q–M W N M$5 $M (5 M & – M H I & Q$&x – –X Q– q M%'

- ’I Ek (, ” 3 W – Q N(I x q z M u / —Q– Q–M W M & M$ M —Q– – $ X H d 3 M u X &M$ z M u / —Q– d u / —Q– D ” N(I x q s P a s j i d H M H M 5 C G M , d w s s j d G– — W u / – & M H N(I x q ”

- ’I Ek H G ” 3 W – Q N(I x q V G$/ M$ Q–M W u / – & M Q– G$/ M$ N(I x q H– W N(I x q z M u / —Q– ”

- ” 3 W – Q N$ Q–M W N$ 5 q M% 5$–X H d N M$5 $M M && – $ ”

- E ” 3 W – Q N X $ / x M d M M – $– 5 q H d Q–M W H M– W$&W W – –& –H M H M W $&M H q H 5 W M – $– M– H X$ – –H W $/ $ M X &W M– W – 5 $ – &W M / – 5 M Q– G &W $/ $ M X &W M– 5 W &W M– $& 5 &W – $– 5 q H ”

- ” 3 W – Q N H– Q–M W (– M X S– – – N H– 5, f j o d M M Q– H H M H M –/ X M$ 5 W 4 $–H 2 M– x – M Q– 5 W 3 –M $ –H W – H– ”

- *x* " 3W – Q N XM S– Q–M M– $/ –HG M (H– – H– C$ M&$MX N XM M (H– – H– S–H– –X Q– N XM d M QM G– M $M– W– G_& 5 W– – d MH $ &X H$ / y

t, r M M–Q– WM W– – 5$ Q QM$ / / $ $ / &W – WM –MH W– – $ – $ $ 5 W– (H– – W&W &W – –XM– O

twr MG $–5 M–Q– M W– M – MH & – 5 W– – MQ $ M$ $ – $/ M$ W&W W– – $ GM–HO

ti r M M–Q– WMd $ W– $ $ 5 &W – 5$ Q d 5$$&$– – MQ $ M$ $ – $/ M$ M QMH– M $ –&– M – MGX– M$H (H– – H– C$ M&$MXN XM (H– – H– S–H– –X Q– N XM – – M $ 5 Q–H $ $ $W – –& W– G_& QM– –5– –H $ W– – "

- *E* *-* *B* 3W– – Q N $ $ / x $ &X – N– $$$&M– Q–M t$r $W – –& W– 2 – $– wssfu q H d WM& M$ N $ $ / x $ &X – N– $$$&M–dHM–H W– NX $ / x M– 5 W– 2 – $– wssfu q H d – –& –HMHH–X$ – –HG W– u / – & d –XM$ / W– 2 – $– wssfu q H dM $ QM G– MQ– H–H 5 Q $Q– $Q– $ M&& HM&– $W W– – Q W– – 5d MH t$r $W – –& M W– 2 – $– 5 q H d W– & $ $ / H$ &X – H & Q– –&$$–H $ W– 2 XQ– MX(H– – 5 &W2 – $– 5 q H "

- *U* *G* " 3W– – Q N M– 3 V5$$&– Q–M &W & M– 5$$&– 5 W– 3 — $ z u / –X– M W&WM M M $& XM $Q– & M– G $ – WXXG– MHQ $ $ – –Hd &W W– 5$$&– M $ WXXH– $/ M–d – &– WM $W – –& – – M$ 5 q H 5 MQ– d M 5– – &WM/ –d &W – Q WXXQ–M W– & M– 5$$&– 5 4 "2" q M%DM$ MXu &M $ 2 "LMXdE $ – M"

- *'* " 3W– – Q N 5(M&– Q–M MX$–Q 5– – – H$–&X $ H$–&X MMGX– G –$QG MGX– W– u / – & d W– u W $ W– N$ MH –XM–H W– M W $ M$ d $ M&–d MX– MH H–X$ – 5 W– q H d $ &X H$ / G X$Q $–H GX$&M$ MH $ $ / & d & 5 – MM$ MH – H &$ 5 H & Q– d 5X / MH –& H$ / 5— d 5— MH &WM/ – 5 W– 3 —dX/ MX5— MH &WM/ – d 5— MHH$ G –Q– 5 & XM MH 5– $ MXd M$ / M– & 5— d 5— MH &WM/ – 5 – MM$ d– –& $ d M M$ MH M–%— $ / 5 W– q H d MH M W– & d &WM/ – 5— MMGX– G –$QG MGX– W– u / – & d W– u W $ W– N$ $ & –&$ $W W– $/ $ MX$ M&– 5 W– q H "

- *'* *L* " 3W– – Q N 5(M&– C H Q–M W– 5 H– MGX$ W–H MH QM$ M$ –H G W– 3 — M W– (H– –"

- *B* 3W– – Q N Q–M W– N 5B– dM X$$&MX GH$ $ $ 5 W– 2 M– 5 NMX$5 $Md W W&W W– N$ $ $ M–H"

- *&* " 3W– – Q N – 8 –Md M 5M HM–d Q–M W– W– a& – C$ &MX8 –M"

E *N* *x* *L* *oGUF.Hi*" 3W– – Q x –G 2 – $&– MHS– – – C HtV3 BaLr Q–M W– 5 H– MGX$ W–H MH QM$ M$ –HG W– 3 — M W– (H– –"

E " 3W– – Q x – $ Q–M W– –& $$– H– $ M&$ / M x – $ M W– (H– –"

L *N* " 3W– – Q C–H– MX2 –& $$– Q–M y H$–& a&MXMGX– GX$/ M$ 5 W– 4 $–H 2 M– 5 u Q– $&MMH –& $$– 5 XX MH & H$ $ MXX / MM —H M W– $Q–X MQ– 5 $ &$ MXMH $ – – G W– 4 $–H 2 M– 5 u Q– $&Md W&WH$–& GX$/ M$ / MM — W– 5 XX5M$ WMH &–H$ 5 W– 4 $–H 2 M– 5 u Q– $&MWM G— XH/ –HdS–5& $ – – $ dNu 3 2 d3 (FS 2 d2 3 SL2 d H–5–M–HQ $&$ MX G H M–Hu u u G 2 h L u MMG E H t M & QG$ M$ W– – 5r"

L *&* *B* 3W– – Q C$ &MX8 –M Q–M d5 M2 – $– 5 q H d W– – $ H & QQ– &$ /) X , 5 –M&W –M M5 – W– HM– 5 W– MX– MH H–X$ – 5 &W2 – $– 5 q H MH – Q $ M$ / W– – &&–H$ /

) –isd M W M MXM&& $/ –$HW–M$– –X&–HMHH–$' M–HG W u/– & M$ C$&MX8–M$ M&& HM&– $WWzM MH $W $&– W 3 —"

L *B*3W –Q C$&W Q–M C$&W(&'MH$ &&– MHM$' d–&– WM$5 &W& M$ WMXG–H$ X–H X$ $HM–H WMX X /– –5 Q W 5 &$ 5M–& $$– M$/M–&dW W –Q C$&W WMXG–H–Q–H –5– M W M$ MXa–&/ $–H –& $$– M$/M– & –X&–HG W u/– &"

m *G* *,* *oGUF.Hn*' 3W –Q F– –MXV –M$/ u&& tV3BaLr Q–M W M&& – MGX$WH MH QM$ M$–HG W u/– & W W S–H– –X Q– 2 –&$MXC H M W (H– –"

P *N.,* *x* *B*3W –Q Y $/2–au $H–S– – – Q–M d $W– –& W L _–& MH5 M/$– C$&MX8–Md WM $ 5M– MX&M–H MH –&–$–HG W u/– & $W– –& W L _–& MH – $–HG 2–&$ iiiip'w 5WzM G– –aM$H–5 W – 5$&–M$/d$Q $/dMH – – $/ W &QQ $ e X 5X aMHQ H–M–a$&Q–W $/ MM$MGX M M5 HMGX W $/ & – MH 5MQ$X$– 5X Q H–M–$&Q–dX – $&Q–W –WXHd – X $&Q–W –WXHdMH– –Q–X X $&Q–W –WXHdMH– $–HG 2–&$ iiiip'i 5WzM G–H– $–H$ Wz MHE H–M–(&Q– Y $/C H 5W u/– &"

' *B*3W –Q (H– – Q–M W(H– –MHMX2 XQ– MX(H– –"

' *-* *H* *,* *B* 3W –Q (H– – H– N– $$–HL GX&u&& M Q–M M &– $$–H GX&M&& M 5$Q 5 &WM&& M HX X&– –HMH– $XH M&$&–MH M&$$/M &W H– W XM 5W 2M– 5NMX5 $MM $ –HMH M$HG W u/– &dMH Wd –M&W 5 WQy

t,r $ $ 5M&$H– – H– MH H– W HQ$M$ 5W u/– &O

twr H– WM–M G MMX – – dH$–& H–&d $WW u/– &OMH

tir $ & –&–H $WW u/– & M MQ–QG–d 5$$&– –Q X — 5W u/– &dG W QM G– –/ XMX –M$–H QM%M MX W MH$ 5WG % 5 – W u/– &"

' *L* *-* " 3W –Q (H– – H– C$M&$MXN XM Q–M M5$M&$MX & XM 5$Q 5 &W& XM /– –MX –&/ $–H G– –XX M$$–H$ W 5$M&$MX& X$/ 5$–XHd M $ –HMH M$HG W u/– &dMH Wd –M&W 5 WQy

t,r $ $ 5M&$H– – H– MH H– W HQ$M$ 5W u/– &O

twr H– WM–M G MMX – – dH$–& H–&d $WW u/– &OMH

tir $ & –&–H $WW u/– & M MQ–QG–d 5$$&– –Q X — 5W u/– &dG W QM G– –/ XMX –M$–H QM%M MX W – W u/– &"

' *x* *-* " 3W –Q (H– – H– S–H– –X Q– N XM Q–M M & XM 5$Q 5 &W& XM /– –MX –&/ $–H G– –XX M$$–H$ W 5$–XH 5& X$/ –XM$/ M MX&M$ G H5$M&$/G NMX5 $M–H– –X Q– M– &$– dM $ –HMH M$HG W u/– &dMH Wd –M&W 5 WQy

t,r $ $ 5M&$H– – H– MH H– W HQ$M$ 5W u/– &O

twr H– WM–M G MMX – – dH$–& H–&d $WW u/– &OMH

tir $ & –&–H $WW u/– & M MQ–QG–d 5$$&– –Q X — 5W u/– &dG W QM G– –/ XMX –M$–H QM%M MX W – W u/– &"

' N "3W – Q (5 QM$ 2– $& Q–M C$ M&$MX(5 QM$ d(&' x M$X NMX&H q H 2– $& d i s E / Q– 2 —d , s WCX d)– – N$ d D–)– – sPi swdu – $ y I H$ OB– (5 QM$ 2– $& NMX&H q H 2– $& d oo q MH Md , o WCX d D– 8 %d D– 8 %, sss oOE H (– 2– $& E $$$ MX MH F – Q– d ff NW &W 2 —d j WCX d D– 8 %d D– 8 %, sssPd u – $ y E $$$ MX D– S– O 2 MHMHh L N M$ NMX&H q H S–& Hd wc q MH Md i HCX d D– 8 %d D– 8 %, ssspOMHd $ M&& HM& $W W & – / $H–X$ – 5 W 2–& $$– MH I &WM/ – N QQ$ $ d &W W MHH– – MHh &W W – $& H / $ 5 QM$ $W – –& W –H–Q $ 5G H M W u/ – & QM H– $/ M– $ MJ $ – S– – 5 W u/ – & 5$X H $W W 3 —"

' , "3W – Q (– – u && Q–M W M&& – MG$ WH MH QM$ M$ –H G W 3 — W W x –G 2– $& MH S– – –C H M W (H– –"

' H E "3W – Q (– – LMQ– x M– Q–M M C–G M , u / , W$&W $ – – M –$– 5q H $ &WH XH G– M$Hd & QQ– &$ / C–G M , dws, sd $W – –& W 2– $– wss fu q H"

' , "3W – Q (– Q– u / —Q– Q–M M $ – Q– M —Q– / MM —H $ – Q– & M& G MHG– — W 3 — MHM M$ MX M– &WM – –HGM% M$ / MHXM $ $ $ t$ &XH$ / W 3 —rd H / 5 W $ – Q– 5 Q – W XH $ & M$ 5 H M&& – MG$ WH M W (H– –"

("3W – Q zM Q–M W N QQ $ S–H– –X Q– zM 5 W 2 M– 5 NMX5 $MtG–$ / LM , 5 x $ $ $ wp 5 W Y–MXWMH 2M5– N H– 5 W 2 M– 5 NMX5 $MdM MQ– H–HrdMH MXXM MQ– HM W – 5 XQ– MX W – "

(x "3W – Q z– – 5 S– – – M$ Q–M W X – 5 W u/ – & MH W 3 —H–X$ – –H MH M&& –HG W x – $ $ W $ M& 5 M – $– 5q %d q H t W$&WQM M% W 5 Q 5 MGXM% z– – 5 S– – – M$ 5 MX 5 W u/ – & q H r – $ / 5 W W GM$ W$&W W x – $ – – MH– $ 5 &Wq %d q H dM $/ $ MX – –& –H M $ QM G– XQ– –H – $ –H – X&–HG MX – M G $ –H– $ "

K , E N B 3W – Q E M$Q Q u MX x –G 2– $& Q–M dM 5 M HM– 5 &MX& XM$ d W XM/ – u MX x –G 2– $& H $ / W – $ H 5 Q &WHM– 5 &MX& XM$ W / W W 5$ MX QM $ HM– 5 M V MH$ / q H"

K "3W – Q E H Q–M E H (– 2– $& d(&dM& M$ H X / M$ –HMH – $ $ / H– MHG $ – 5 W XM 5 W 2 M– 5 x –XM M–dMH$ && MHM $/ d– & WM$5 &W & M$ WX&G–H$ X–H X$ $HM–H WXX X / – – 5 Q W 5 &$ 5 M –& $$– M$ / M– & d W W – Q E H WX&G– H–Q–H –5– M W M$ MX –& / $ –H –& $$– M$ / M– & –X&–HG W u/ – &"

) U ' x "3W – Q D– 3M (&–Q– S– – – Q–M d5 M / $ – C$ &MX8 –Md 3M (&–Q– S– – – X– W G$ M$ MMGX H $ / &WC$ &MX8 –M 2– $ x –G"

) B 3W – Q D Q$ — Q–M W Q$ — 5 W x – $ d W$&WQM G– W x – $ dM H– – Q$ –H 5 Q $Q– $Q– M W (H– –"

G H , "3W – Q V $/ $ MXL _–& u –M Q–M d $W – –& W L _–&d W – W$&W & Q $ –H W L _–&d M H– &$G–H $ W S–H– –X Q– LXM M W $Q– 5 W MH $ 5 W S–H– –X Q– LXM) – i sd, fff dM W MQ– WM G— QM G– XM– – $ –HG M MQ– HQ– W$&W – X $ W H–X $ 5 M $ 5 &W – 5 Q W V $/ $ MXL _–& u –M

G "3W – Q V MH$ / W –HM 5 M M $& XM $Q– $W –5– – & q H dQ–M t G_& W $$ 5 W (H– –r MX&q H – & y t,r q H W– 5 –&M&XHG W3 — – H–H W3 —5 &M&XM$ O

twr q H M$H H–Q–H WM–G— M$H W W Q–M$/ 5 W –&$ $ W (H– – $W – –& W H$ &WM/– 5$ H G–H – OMH

tir q H $ X$– 5 $ G $ $ 5 W&W W q H WXWM–G— M W $–Hl– –& –Hl $ –HMHH X$– –HG W u /– & M W (H– –”

H E N , ” 3W – Q LM$ x–G 2– $&u&& Q–M W M&& G WM MQ– G– – MG$ WHMHQM$ M$ –HG W u /– & W W S–H– –X Q– 2 –&MC H M W (H– –”

H ’ ” 3 W – Q L– Q$ –H (– Q– Q–M M 5 W 5 X $ / dG X W – – – Q$ –HG W XM 5 W 2 M–MH W N$ $ – Q– X& y

tMl 4 $–H 2 M– VG$/ M$ O

tGr VG$/ M$ dH G– – d – W – $H– & 5 $ H G–H – $ –H / MM —HG M 5 W 5 X $ / $ Q– M$$– M– &$– 5 W 4 $–H 2 M– 5 u Q– $&y C–H– MKY Q– z M q M%2 –QOI a(Q q M% 5 W 4 $–H 2 M– OC–H– MKC$ M&$ / q M%OF – Q– DM$ MK E /M– u &M$ OC–H– MKDM$ MKE /M– u &M$ O2 H– z M E M%– $ / u &M$ O C–H– MKCMQ N –H$ q –MOCMQ– Y Q– u HQ$ $ M$ OC–H– MKY Q– z M E /M– N M$ O MHC–H– MKY $ / u HQ$ $ M$ O

t&r x $–& MH/– – MKX /a– Q G$/ M$ 5M M–d W&W G$/ M$ M– M–H$ – 5 W W$/ W SM$ / NM–/ $– G – Q – 5 W SM$ / u /– &$– O

tHr x $–& MH/– – MK W a– Q G$/ M$ 5 M M– W&W G$/ M$ M– M–H$ W W$/ W SM$ / NM–/ G – Q – 5 W SM$ / u /– &$– O

t–r 4 –& –H & $$&M– 5 H– $d $Q– H– $ MH GM%– e M&– M& tWM$ / QM $$– 5 Q – WM i oc HM r 5M GM% W W a– Q G$/ M$ 5 W&WM– M–H W HM– 5 &WM– u a, “ G– – G 2h L MH La, G E H e MH &– $$&M– 5H– $ t$ &XH$ / W – 5 W 3 —d$ M– MH$ M$$M– r –& –HMMX $Q– G & XM– MK WM QM G– –HG M M$ MK GM%5 – 5 M$ 5 $ / $ G$/ M$ & XM– M$ – M 5–H– MKXM W&WM– $ –HG & QQ– &MKGM%d M$ / MHXM M &M$ Q MK M$ / GM% W – W a– Q G$/ M$ M– M–H W HM– 5 &WM– u a, G– – G 2h LdE H e MHC$&WO

t5r z /a– Q Q–H$ Qa– Q & M–H G / MM —HG M & M$ WM $ M–H$ – 5 W W$/ W SM$ / NM–/ $– G – Q – 5 W SM$ / u /– &$– O

t/r S– &WM– M —Q– W&W M– tur – – –H $ $W GM% & Q M$– /M$ –H H– M– XM d M$ MKGM% $ / M &M$ d$ M& – & Q M$– / – Q– G HH–MK – $ / d MH$ / $WdMH –& / $–HMM $QM H–MK G d W C–H– MKS– – – q M% 5D– 8 % MH W&W–$W M– Q–QG– 5 W 2–& $ (– L –&$ N M$ $WMH–MK M– WXH$ / & Q M WM WM M $ – Q– / MH– M$ / 5 Q – Q – 5 W SM$ / u /– &$– MH tq r 5 X –& –H G G$/ M$ –&$$–H $ $–Q tMl tGr 5 W$ H–5$ $$ 5 L– Q$ –H (– Q– t,r W&WM– MK–H X– 5– – X WM Q WK MH WM– M5M$ QM%– MK–d– &X $– 5 M&& –H $ – – dM XM – MK W MQ $ – –H$ W – &WM– M —Q– dtwr W XHG W 3 —t W $X G– W $H– 5 W & XM– MK G M C–H– MKS– – – q M% MH– $ M&– MGX– W 3 —dti r G_& M – 5–&–H5$ X$– $ 5M 5 W 3 — MH tpr 5 — MH&XM 5 Q MKX W$ Ha M X$– O

tW L $Q– & QQ– &MK M– 5 M 4 $–H 2 M– & M$ d 5$ M& & Q M GM% $ / $ $ $ M–H$ W W$/ W W a– Q SM$ / NM–/ 5 – Q – 5 W SM$ / u /– &$– O t$r 2WM– 5 MH$ – $$$H – a– H QMM–Q– $ – Q– & Q M tM H–5$ –H $ W– (– Q– N Q M u & 5, f psdM MQ– H–Hr WM– $ M –/ XM–H$ – Q– & Q M tM H–5$ –H$ 2–&$ j c, tM 5 W–N H–r WM $ tu r MQ – QM%– 5 H WM WM G— M–H$ – 5 W– W$/ W– SM$ / NM–/ $– G – Q – 5 W– SM$ / u / – &$– tq r MQ – QM%– 5 H M&& 5 W– 3 — $ M5$$M– M M– 5–H– MKGM% WM $ M–H M X–M $ W– W$/ W– W a – Q SM$ / NM–/ G – Q – 5 W– SM$ / u / – &$– $ M–H$ – 5 W– W$/ W– X / a – Q SM$ / NM–/ $– G – Q – 5 W– SM$ / u / – &$– d W – GM% W XH$ / & Q M M– $ M–H M X–M $ W– W$/ W– W a – Q SM$ / NM–/ G – Q – 5 W– SM$ / u / – &$– $ M–H$ – 5 W– W$/ W– X / a – Q SM$ / NM–/ $– G – Q – 5 W– SM$ / u / – &$– d WM WM M& QG$ –H &M$ MKMH X 5 X– WM . csdssdss tMX$ – Q– $ &XH–H$ W$ &M – t$r QM $ &XH– 5 H W&W W– 3 — $ M5$$M– $H– $ – Q– MH $ W– QMM–Q– – $&– rO

t_r (– – G–M$ / – $ –H G MGM% $ / $ $ $ WM $ / M & QG$ –H &M$ MKMH X 5M X–M . cssdssdss MH W – – $ H–G $ $ W– W$/ W– SM$ / NM–/ G – Q – 5 W– SM$ / u / – &$– O

t%r L G$& W $ / G H $ –H G G$& M– &$– W&W M– –$W– & H$ $ MK / MM —H M $ &$ MKMH $ – – G W– 4 $–H 2 M– 5 u Q– $&M M–H $ W– W$/ W– SM$ / NM–/ G – Q – 5 W– SM$ / u / – &$– O

tX VG$/ M$ $ –H / MM —H G L $ M– I C H$ / N M$ d S– X $ C H$ / N M$ MHM W– $ Q– M$ M– & 5 W– 4 $–H 2 M– 5 u Q– $&MO

tQr (– Q– u / —Q– O

t r u W– – 5 $ – Q– & $ – $ WN$ X& $ W&W W– N$ H$ –& W– 3 — $ – $H–H WM W– – $ H–X$ – –H W– 3 — M& $$&M– 5 M u W $ –H N$ S– – – M$ – M$ / WM–M&W 5 W– SM$ / u / – &$– W– QM$ M$ $ / M M$ / W– q H WM G— $ 5 Q–H 5 W– MK $ – $ &W$ – Q– MH–M&W 5 &WS M$ / u / – &$– WM & $$ Q–H WM &W$ – Q– $X MH – –X M5–& W– M$ / W– M $/ –H G &W M$ / M– & M 5 W– q HO

t r u M– MHQ $ $ – –H X$ – Q– 5 H $ W&W W– N$ $ M $X – Q $ –H – $–H $ – t $ &XH$ / G X$Q $–H W– 2 M– 5 NM$5 $Mz &MKu / – & C H t zu (C r – MG$ W–H M 2–&$, opwf”, ” 5 W– F – Q– N H– 5 W– 2 M–rO

t r u $ – Q– –&$$&MK M W $ –H G MN –H$ L $H– 5 M2 – $– 5 q H d M – 5 W$ M2 X–Q– M(H– –OMH

t r u W– $ – Q– W&W$ M – Q$ –H $ – Q– 5 W– N$ $ M&& HM&– $ W W– XM 5 W– 2 M–”

H 2 U .I k H ” 3 W– – Q L– Q$ –H 4 – 5 3 MaI –Q q H L &–H Q–M d M 5 W– NX $ / x M–d M – – H$ – 5 &WG H &–H 5$ M&– –5$ M& W– & MH $ &$H– MK– – – 5 tM M X$5 M$ MHM – M 5M&$$$– —H–H 5 M _–& % M W– , f W2 — x – –X Q– d tGr – M& $ $ $ 5 M _–& % M W– ossmsw, j W2 — x – –X Q– MHt&r % MH$Q –Q– d $ &XH$ / G X$Q $–H W– H– / H$ / 5– $ $ / – W–MH $$$– d M _–& % M W– E $XN —%z $ –M LM%O $H–H WMd 5 X $ / W– NX $ / x M–d W– u / – & WXG– – Q$ –H Q H$5 W– X$ 5 L– Q$ –H 4 – 5 3 MaI –Q q H L &–H d $H–H WMd $ – – $ / M –H – – H$ – 5 % $Q –Q– $ &XH–H$ W– 5 –/ $ / X$ d W– u / – & WXK GM$ M M $ / X–/ MK $ $ 5 q H N –X & 5$ Q $ / WM &W –H – – H$ – – – H$ – QM G– QMH– $W _– MH$ $ / W– Ma– –Q M 5 W– 2 – $– wssfu q H”

H (” 3 W– – Q LXM z Q Q–M W– XQ M$ & M$ –H$ W– z M W– $ – & M$ –H$ $ & M–H$ W– S–H– –X Q– LXM tM W– M / –/ M– $ &$ MKMQ 5 $ H–G–H – MMGX– 5 Q 3 M

(&-Q- S-- - W$&WQM G- MH$ / MM $Q- -XM$ / W-L _-& u -MMHtGr W- - $ H 5 $Q- 5
- MGX$ W$ / d$ & $ / - M$ / $ H-G-H- MMGX 5 Q 3M (&-Q- S-- - d -XM$ / W-L _-& u -M'

H ***,*** " 3W- - Q L $ &$ MKu && Q-M W- M&& - MGX$ W-H M H QM$ M$ -H G W-
3 — W W-x -G 2- $&-MHS-- - -C H M W-(H- -"

H ***'*** " 3W- - Q L $ &$ MK(MKQ- Q-M d $W- - -& M L $ &$ MKLMQ-
x M-d W- $ &$ MKMQ 5V MH$ / q H t$ &XH$ / QMHM $ %$ / 5 H MQ- r H- &WHM-d$5
M "

H ***H*** ***E*** " 3W- - Q L $ &$ MKLMQ- x M- Q-M M u / , W$&WML $ &$ MK
(MKQ- $ &WH XH G- MHd& QQ- &$ / u / , dws, sd $W- - -& W-2- $- wssfu q H"

H ***N*** ***Yjjv, k*** " 3W- - Q L &-H 5 W-2- $- wssfu q H Q-M W- $/ $ MK
M MQ 5 W-2- $- wssfu q H X- M - $/ $ MK$ - H$ & X M - $/ $ MK$ - -Q $ Q"

H ***B*** 3W- - Q L _-& Q-M W- H- M$ / 5 W-u / - & M W- S-H- -X Q- LXM
MH W-z M 5 W- -H- -X Q- 5 W-L _-& u -MMH & QQ X -5- -H M W- VXH3 B- aL$ —
S-H- -X Q- L _-&d M W-S-H- -X Q- LXM MHn W-L _-& u -MQM G-MQ- H-H 5 Q $Q- $Q- $
M&& HM&- $W W-z M "

H ***,*** " 3W- - Q L _-& u -M Q-M W- - $ & Q $ $ / W-L _-&d M H- &$G-H $ W-
S-H- -X Q- LXMdM W- MQ- QM G-MQ- H-H 5 Q $Q- $Q-dMH& $ dM 5M HM- 5H- - Q$ M$ d
5 W- V $/ $ MKL _-& u -M / - W- $W W- - $ & Q $ $ / -M&Wu HH-H u -Md $5 M d 5 W$&W W-
MQ- HQ- 5 W-S-H- -X Q- LXM W$&WMHH-H &W- - $ WM G-& Q- -55-&$ -"

x ***N*** ***L*** " 3W- - Q S-H- -X Q- 2 -&$MKC H Q-M W-5 H G WM MQ-
- MGX$ W-H M H QM$ M$ -H G W-u / - & M W-(H- -"

x ***H*** " 3W- - Q S-H- -X Q- LXM Q-M W- -H- -X Q- XM 5 W-L _-&d
MH -H M H M -H G V H$ M&- D "ifspdMH -H G W-N$ N &$X 5 W-N$) - isd, fffd / - W-
$ WMK5 W- MQ- HQ- W- -$ G-5 - W- -M- QMH- W- - $ M&& HM&- $W W-z M "

x " 3W- - Q S-/ XM$ Q-M -Q M MH - QM- -/ XM$ Q XM-H
M X&MGX- H- 2-&$, si MH MK -XM-H $ $ 5 W-N H-"

x ***,*** " 3W- - Q S-- - u && Q-M W- M&& - MGX$ W-H M H QM$ M$ -H G W-
3 — W W-x -G 2- $&-MHS-- - -C H M W-(H- -"

x ***,*** ***-*** ***'*** " 3W- - Q S-- - u && N -H$ (Q- Q-M M &-H$
$ Q- Q-- $ / W- - $-Q- 5 W- -&$ $ W-(H- - - M$ $ / W-S-- - u && "

x ***,*** ***x*** " 3W- - Q S-- - u && S- $-Q- Q-M M MQ - MK W-
XM 5t, r - - & t, sT r 5 W- &-H 5 W-q H dtwr E M$Q Q u MKx -G 2- $&- W-q H tir
- W H-H - a5$ - - & t, wcT r 5u - M- u MKx -G 2- $&- W-q H O $H-H WMd$ W- - -
&-H 5 M q H M- $ $$MK H- $-H $ M - & 5 H W-XH G W- 3 —d W- S-- - u &&
S- $-Q- WMKG- -H & H $ W- MQ- $ WM W- $ &$ MKMQ 5 G H W$&W XH G- &MKMGX-
5 Q W- - & -H &-H G-M W- MK $ &$ MKMQ 5 G H MH$ / O $H-H 5 W- WMdM -H
$ W$ H-5$ $$ d W- - Q u MKx -G 2- $&- WMK- &X H- M & $H- M$ 5N(I x q LMQ- VGX$/ M$ "

x ***G*** " 3W- - Q S- $GX- V55$&- Q-M M K$&-aL - $H- du $ M K$&- L - $H-
3 V55$&- 5 W-3 — WM$ / -/ XM - GX$ 5 & M- QM- "

Ni H' 3W- - Q 2h L Q-M 2 MHMHMHL SM$ / F MH$ &&- MHM $/ d- &-
WM$5 &W& M$ WMKG-H$ X-H X$ $HM-H WMK X / - - 5 Q W-5 &$ 5M -& $$- M$ /

M– & d W W – Q 2h L WWXG H–Q–H –5– M W M$ MXa –& / $ –H M$ / M– & –X&–HG W u / – & ”

N E ” 3 W – Q 2–& $$ x – $ $ Q–M y3 W x – $ 3 N Q M dP, , 2 – M u – –d F MH N$ d D– 8 %, , ci sd CMatc, or wPPapsi f d $ M&& HM& $ W W W a& – / $H–X$ – 5 W 2–& $$ MH I &WM/ – N QQ$ $ d &W W MHH– – MHn &W W –& $$ H $ $ M W u / – & QM H $/ M–”

N E ” 3 W – Q 2– $ x –G Q–M M MQ MH$ / H WM & M$ XM M —Q– – – –H $ M W N M& 5 z M F MM — u $ M& H 2–&$, sj 5 W Y $ / MH N QQ $ x – –X Q– u & 5, f PpdM u Q– H–Hdpw4 ”2”N” 2–&$ ci sj dG MHG — W N$ MH W 4 ”2” x – M Q– 5Y $ / MH4 GM x – –X Q– du / —Q– D ”si awsf dM MQ– H–H M 2–&$ o G X – M 52– –QG wpdwssPdMHH–5$ –H$ W N(I x q z M u / —Q– M W Y4 x u / —Q– ”

N E N , ” 3 W – Q 2– $ x –G 2– $& u && Q–M W M&& G WM MQ– G – – MG$ W H M H QM$ M$ –HG W u / – & $ W$ W S–H –X Q– 2 –&$MXC H M W (H –”

N k B 3 W – Q 2– $MXq H Q–M q H 5 W&W 2$ %$ / u && (MXQ– M– $H–H’

N Yjjv, k H , ” 3 W – Q 2– $ wssfu q H L &–H u && Q–M W M&& G WM MQ– G – – MG$ W H M H QM$ M$ –HG W u / – & $ W$ W S–H –X Q– 2 –&$MXC H M W (H –”

N Yjjv, k B 3 W – Q 2– $ wssfu q H Q–M W q M% 5$–XH S–H –X Q– u / – & 3 M u XX&M$ q H d2– $ wssfu t3 Mal –Q 3 M (&–Q– S– – –rdVXH3 B– aL$ — S–H –X Q– L _–&”

N , ’ ” 3 W – Q 2$ %$ / u && (MXQ– Q–M W MQ 5 Q – – $–H G M$HG W u / – & M2$ %$ / u && LMQ– x M MH W – $–Q– 5 M M $& XM 3 – Q q H $ W$ – –&$ – M–HQM $$ dM – 5 W$ W (H –”

N , H E ” 3 W – Q 2$ %$ / u && LMQ– x M Q–M M u / , W&W 2$ %$ / u && (MXQ– 3 – Q q H M &W H XH G M$HM – 5 W$ W (H –”

N ’ ” 3 W – Q 2 XQ– MX(H – Q–M M $ H – MQ– HM 5 XQ– MX W (H –d G X $5 MH W – – WM &W 2 XQ– MX(H – $ –&$$&MXX M W $ –H H W (H –”

U - ” 3 W – Q 3 M N– $$&M Q–M d $ W – –& M – Q – – $ 5 q H d M N– $$&M N– $$&M 5 W u / – & & & $ / W &MX XM$ 5 M MQ G M$H W 4 $–H 2 M– 5 u Q– $&M M 2–&$, pj t5r 5 W N H MH M W QM– –XM$ / W – &X $ 5 $ – – &W q H 5 Q / $ & Q– 5 5–H MX$ & Q– M – ”

U .I k ” 3 W – Q 3 Mal –Q q H Q–M d $ W – –& M – Q – – $ 5 q H d WM W $ – – MMGX $ W – –& &W – $ 5 q H $ – &XH–H 5 Q / $ & Q– 5 5–H MX $ & Q– M – dM –XM G $ / – –Q 5 Q NM$5 $M – MX$ & Q– MM$ ”

U ’ x ” 3 W – Q 3 M (&–Q– S– – – Q–M d5 –M&WC$ &MX8 –MdG / $ $ / $ W C$ &MX8 –M $ W&W W 2– $ wssfu q H M– $ –Hd W Q – MX&M–H M$H W u / – & H $ –H 5 Qy

tM WM $ 5 M– X $–H M – MGX – $ W$ W L _–& u –MMH MX&M–H W u / – & M u $&X o 5 NWM – o 5 W z M d2–&$, o 5u $&X 9 K(5 W N $ $ 5 W 2 M– 5 NM$5 $M MH W S–H –X Q– LXM t– &X $ – 5 t$r MQ d$5 M d –&$ –HG W u / – & $ W – –&

The Series 2009A Bonds; Certain Provisions of the Series 2009A Bonds

– – M$ 5 &W –d W 3 — WWKK H &W –M MGX –/ XM$ M $ QM – &$G-d –/ $ – M 5– W q H M$HG % M $H-H$ W (H– –"

E $XM-Hdx – –Hd2 X z q H" (&M–M q H WWKKG-& Q– Q $XM-Hd WWKKG-G-X$– –H G W u / – & W 3 — WM–G— H– –Hd X X d 5 5 – W$ M$ 5M& W 3 —d MH W – H– 5 &WQ $XM-H q H M W N M– 3 V55$&– W –&-$ 5 – $H– &– M$ 5M& W 3 — 5 &WH– &$ d W5 X dMH –&-$ MK 5$ H-Q $ M$ 5M& W 3 —dMH MQ– G W V – 5MKK– – – $ & –HG W u / – & MH W 3 —d W u / – & WWKK– –& – MH W 3 — WWKKM W $$M–MHH-X$ – M M$H 55$&-M – q H q H 5 W MQ– QM $ MH5 W MQ– M/ –/ M– $ &$ MKMQ d 5 X$%– – MHHM–dG-M$ / W MQ– QG– QG– d $W &W M$ M W 3 — WWKKH – – Q$ –d $ – &WM/ – MH G $ $ 5 MH &M&-XXM$ 5 W Q $XM-H q Hd $ X$– 5MH$ G $ $ 5 W q H H– –Hd X X "

(5M &WH– –Hd X X q H WWKKWM– QM –H WWKKWM– G— &MKKH 5 –H-Q $ d MQ– 5 W MQ H – W – QM G-QMH-G W u / – & W 3 — –&-$ 5X$%– 5d$ H-Q $ MH MQ– 5– – – "

u &W – XM&-Q– q H $ –H M W (H– – WWKKG– – $X-H – MKMH $ M– G– –5$ $WMKK W q H $ –H H– W (H– –" 3 W u / – & MH W 3 — WWKK G– – $–H –M G WW $/ $ MKq HMHM – XM&-Q– q HMG-$/ V MH$/ 5 W – 5H– – Q$ $/ W $ &$ MK MQ 5q H W$&WQM G-$ –H H– W (H– – 5 W – 5H– – Q$ $/ M – &– M– 5 q H V MH$/ H– W (H– –dG G WW $/ $ MKMH – XM&-Q– q H WWKKG– –M-HM – MH W MQ–"

q HS–/ $ –" tur 3 W 3 — $XX%– &M – G– %– 55$&$– G % 5 W –/ $ M$ MH M 5– 5 W q Hd W$&W WWKKM MKK $Q– d –M MGX $&-dG– – $ –&-$ G M q HWX-H– W$ M– H X M W $–H$ $$ / W u / – & OMHd – – M$ 5 &W –d W 3 — WWKK H– &W –M MGX –/ XM$ M $ QM – &$G-d –/ $ – M 5– &M – G– –/ $ – –H M 5– –Hd &W G %dq H M $H-H$ W (H– –"

tqr 3 W – $ W – MQ– M q H WWKKG– –/ $ – –H WWKKG-H—Q–H W – W – 5 5 MKK – W – 5dMH MQ– 5 M&& 5 W $ – – MH $ &$ MK S–H-Q $ L $&– – – – –HG &Wq H WWKKG-QMH– X W H– $ $$ / 5 &WY XH-d W$&W MQ– WWKKG– M$HMH –55-& MK M$ 5 MH$ &WM/ – W XMGX &Wq H W – – 5 W Q Q M$H'

tNr 4 $ $$MK$ M&– 5 W 2– $– wssfu q Hd W – W$ 5MKK &Wq H WWKKG– –/ $ – –H$ W –/ $ M$ –& H QM$ M$ –HG W 3 — M W (H– –$ W MQ– 5N-H-h N "

Procedure for the Issuance of Additional Bonds

u XX 5 W u HH$$ MKq H WWKKG– – –& –HG W u / – & 5 $ M&– H– W (H– – MHH-X$ – –H W 3 — MH W – WWKKG-H-X$ – –HG W 3 — W J $ – S– – 5 W u / – & dG X –&-$ G W 3 — 5 W 5 XX $ / H & Q– Q – –& $$– y

t, r u 5 XX – –& –H& 5 W 2 XQ– MK(H– – M W $ $ / W $ M&– 5 &Wu HH$$ MK q HO

twr u J $ – S– – 5 W u / – & M W M W $&M$ MHH-X$ – 5 &Wu HH$$ MKq HO

tir u $ $ 5& –X 5 –& / $ –H MH$ / $ W 5$-XH 5XM –XM$ / Q $&$ MKG H W –55-& WM tM W u / – & WM W $/W MH – H– W zM – – $ W 2 XQ– MK(H– – – M$ $ / &Wu HH$$ MKq HdMHMKK &W2 XQ– MK(H– – WM– G— H X – –& –HG W u / – & MHM– M$HMHG$ H$ / W u / – & MH– 5 &-MGX $ M&& HM&– $W W$ – Q t– &– M– 5 &Q– QM G-XQ–HG GM% & d$ X– & d – / M$ M$ MH W QXM XM –XM$ / W – 5 &-Q– 5 &-H$ $/W dG M X$&M$ 5– $MGX $ &$ X MHG – – &$– 5_H$&MKH &– $ $ M $M– &M– rd

MH W- M W $ M$ 5 &W2 X-Q– MX(H– – $ – $–HOtGr W- (H– – &–M– W- MXH X-H'– W$&W$ &–M– 5 W- D– 3M (&–Q– S– – – M $H-H $ W- (H– –d G_& W- M X&M$ W- – 5 W- – MH W- & H$$ – Q$ –HG W- (H– –OMHt&r &Wu HH$$ MKq H M– MXH MH G$ H$ / –&MX G$/ M$ 5 W- u / – & d – 5 &–MGX- $ M&& HM&– $W W$ – Q t– &– M – 5 &–Q– QM G– XQ–H G GM% & d $ X– & d – / M$ M$ MH W- QXM XM –XM$ / W- – 5 &–Q– 5 &–H$ $/ W d G M X&M$ 5 – $MGX- $ &$ X- MH G – – &$ – 5 _ H$&MXH$ &– $ $ M $M– &M– r MH W- – Q 5 W- (H– – MH MX2 X-Q– MX(H– – W- – MH– $X-H W- G– –5$ 5 W- (H– – MH MX &W2 X-Q– MX(H– – MH W- z M d MH &Wu HH$$ MKq H WM– G— H X MH MXHX M W $ –HMH$ –H$ M&& HM&– $W W- z M MH W- (H– – MH MX &W2 X-Q– MX(H– – O

tpr u N– $$&M– 5 W- u / – & & M$ $ / &W M–Q– M QM G– –M MGX –&– M W & Q X$M&– $W W- – $–Q– 5 W- (H– –OMH

tcr 2 &W5 W- H & Q– dQ – MH –& $$– M M– – $–HG W- $$ 5 W- (H– – MH W- 2 X-Q– MX(H– – H / 5 W- $ M&– 5 &Wu HH$$ MKq H"

Pledge of Net Tax Increment Revenues; Redevelopment Special Fund

u XX 5 W- 3M (&–Q– S– – – MH MXQ – $ W- 2– $ x –G 2– $&– u && W W- S–H– –X Q– 2 –&$MXC HM– $ – &MGX X-H'–H W- & MX MQ– 5 W- 2– $ x –G d MH MXD– 3M (&–Q– S– – – MH MXQ – $ W- LM$ x –G 2– $&– u && W W- S–H– –X Q– 2 –&$MXC HM– $ – &MGX X-H'–H W- & MX MQ– 5 W- N(I x q LMQ– VG$/ M$ MH W- $ – – MH $ &$ MX 5 MH –H–Q $ –Q$ Q d $5 M d W- q HOMH W$X- M $ 5 W- 2– $ x –G d W- N(I x q z M u / —Q– M 5 W- q H –QM$ V MH$ / d W- 3M (&–Q– S– – – MH MXQ – $ W- 2– $ x –G 2– $&– u && MH W- LM$ x –G 2– $&– u && W W- S–H– –X Q– 2 –&$MXC H WXX G– –H 5 M W- –d G_& W- $$ 5 W- (H– – – Q$ $ / M X&M$ W- – 5 5 W- – MH$ M&& HM&– $W W- – Q MH & H$$ – 5 W$ W- (H– –" 3W$ X-H'– WX&& $ – M5$ X$– W- D– 3M (&–Q– S– – – MH MXQ – $ W- LM$ x –G 2– $&– u && 5 W- MQ– 5 W- N(I x q LMQ– VG$/ M$ MH W- q H $ M&& HM&– $W W- – Q 5 W- (H– – MH M 2 X-Q– MX(H– –" L M 2– &$ i i op, "c 5 W- NM$5 $MY–MXWMH 2M5– N H–d W- (H– – &–M– M MXH MH G$ H$ / X-H'– 5d X$– MH –& $ $ – – $ W- D– 3M (&–Q– S– – – 5 W- G– –5$ 5 W- N(I x q MH W- q H – M –& $ 5 W- MQ– 5 W- N(I x q LMQ– VG$/ M$ MH W- q H $ M&& HM&– $W W- – Q 5 W- (H– –"

Establishment of Redevelopment Special Fund and Accounts Within Said Fund; Application of Tax Increment Revenues and Portion of Series 2009A Bond Proceeds

3W- – $ &–M–H M –&$MX5 H G– W-X-H MH MHQ$ $ – –H G W- u / – & &MX-H W- q M% 5$–X-H S–H– –X Q– u / – & d S–H– –X Q– 2 –&$MXC H tV3 BaLr t W- S–H– –X Q– 2 –&$MXC H r"J W W- S–H– –X Q– 2 –&$MXC H d W- u / – & WX&– MG$ W W- 5 XX $ / M&& O

2– $ x –G 2– $&– u && O

LM$ x –G 2– $&– u && O

F– – MXV – M$ / u && tV3 BaLrOMH

2– $– wssfu q HL &–H u && "

I &– M $H-HG-X d X / M W- N(I x q z M u / —Q– M q H WXXG–V MH$ / H– W- (H– –d MX3M (&–Q– S– – – d M –&–$ –HG W- u / – & H $ / MC$ &MX8 –M d WXX5 W $WG– H– $–H$ W- S–H– –X Q– 2 –&$MXC HMHM X$-H$ W- 5 XX $ / H– y

C$ d W- 2– $ x –G 2– $&– u && $X W- MQ H– $ W- –$ $ – MX W- H–G – $&– & Q$ / H – MX2– $ x –G H $ / &WC$ &MX8 –MO

Application of Moneys Deposited in Parity Debt Service Account

Establishment and Administration of Costs of Issuance Fund

Application of Moneys Deposited in Series 2009A Bond Proceeds Account Within the Redevelopment Special Fund

Establishment and Administration of Debt Service and Reserve Fund and Accounts Within Such Fund

u XX3 M (&–Q– S– – – M 5– –H W-3 — G W-u / – & $ M&& HM&– $W W-(H– –
WWXKG– – M$H–G W-3 — $ –M&WC$ &MX8 –M W- MHM –&–$ –H$ W-M X$&MGX-M&& W W-x –G
2– $&-MHS– – –C H’ u XXQ – $ –M&W 5 &WM&& WWXKG– W-XH$ G W-3 — MH WWXKG–
M X$-Hd –HMH $WHM X 5 W– – W– –$ M5– M W $ –H$ W-(H– –”

t, r (– – u && ” u Q M 5– –H W-3 — G W-u / – & M W-(H– –
WWXKG– H– $–H$ W-(– – u && O $H-H WM H– $ —HG– QMH– $ W-(– – u && $5 W-
MQ & M$ –H W– –$ $ M X-M – MX W-M / –/ M– MQ 5 W-$ – – G-& Q $ / H – MH MMGX– MX
V MH$ / q H W-(– – LMQ– x M– $ &WC$ &MX8 –M” u XXQ – $ W-(– – u && WWXKG–
–HMH $WHM G W-3 — XX 5 W– – 5 M$ / W-$ – – W-q H M $ WWXKG–& Q– H –
MH MMGX- t$ &XH$ / M&& –H$ – – M q H &WM–H –H—Q–H $ QM $ r”

twr L $ &$ MXu && ” u Q M 5– –H W-3 — G W-u / – & M W-(H– –
WWXKG– H– $–H$ W-L $ &$ MXu && O $H-H WM H– $ —HG– QMH– $ W-L $ &$ MXu && $5 W-
MQ & M$ –H W– –$ $ M X-M – MX W-M / –/ M– MQ 5 $ &$ MX 5 MXV MH$ / 2– $MXq H
G-& Q $ / H – MH MMGX– W-L $ &$ MXLMQ– x M– $ &WC$ &MX8 –M” u XXQ – $ W-L $ &$ MXu &&
WWXKG– –HMH $WHM G W-3 — XX 5 W– – 5 M$ / $ &$ MX 5 W-2– $MXq H M W-
WWXKG-& Q– H – MH MMGX”

ti r 3– Q q H 2$ %$ / u && ” u Q M 5– –H W-3 — G W-u / – & M W-
(H– – WWXKG– H– $–H$ W-3– Q q H 2$ %$ / u && O $H-H H– $ —HG– QMH– $ W-3– Q
q H 2$ %$ / u && $5 W-MQ & M$ –H W– –$ $ M X-M – MX W-M / –/ M– MQ 5 MXX 2$ %$ /
u && (MXQ– – $–H G– QMH– W-2$ %$ / u && LMQ– x M– $ &WC$ &MX8 –M” u XXQ – $
W-3– Q q H 2$ %$ / u && WWXKG– –HMH $WHM G W-3 — XX 5 W– – 5 &WM$ /
–H—Q$ / W-3– Q q H $ M&& HM&– $W W-(H– –”

tpr S– – – u && ” C W $W –&–$ 5 W– &–H 5 MX– 5 W-2– $– wssfu q H d W-
3 — WWXKH– $ $ W-S– – – u && W-MQ – &$G-HG W-(H– –” 3 W– –M5– d MQ d $5 M d
M 5– –H W-3 — M W-(H– – WWXKG– H– $–H$ W-S– – – u && O $H-H WM
H– $ —HG– QMH– $ W-S– – – u && X / M W– – WWXKG– H– $ W– –$ M MQ – MX W-
S– – – u && S– $–Q– ” u XXQ – $ &–H$–H W-S– – – u && WWXKG– –HMH $WHM G
W-3 — XX 5 W– – 5 – X- $ W$ / W-(– – u && d W-L $ &$ MXu && W-3– Q q H
2$ %$ / u && $ &W H– d $ W– – – 5 M H–5$&$– & $ M 5 &WM&& && $ / M (– –
LMQ– x M– d L $ &$ MXLMQ– x M– 2$ %$ / u && LMQ– x M– d 5 W– – 5 M$ / W-$ – –
W- $ &$ MX 5 W-q H $ W– – – WM W- Q – 5 W-u / – & $ XM 5 XX MM$MGX- W– –5 d 5
W- –$–Q– 5 MXXq H W- V MH$ / O $H-H WM d X / M W-u / – & $ $ H–5MX H– W-
(H– – M MQ $ W-S– – – u && $ – &– 5 W-S– – – u && S– $–Q– WWXKG– $WHM
5 Q W-S– – – u && G W-3 — MH M 5– –H W-u / – & 5 H– $ $ W-F– – MXV – M$ /
u && tV3 BaLr W W-S–H– –X Q– 2 –&$MXC HOMH $H-H 5 W- WMd $ W– – – WM MS– – –
u && N –H$ (Q– $ $H-HG W-u / – & W-3 — 5 H– $ $ W-S– – – u && dM MQ
W- H– $ $ W-S– – – u && $ – &– 5 W-S– – – u && S– $–Q– M M– X 5 &WH– $ 5
MS– – – u && N –H$ (Q– QMd W-J $ – S– – 5 W-u / – & W-3 —dG– $WHM
5 Q W-S– – – u && G W-3 — MH M 5– –H W-u / – & 5 H– $ $ W-F– – MXV – M$ /
u && tV3 BaLr W W-S–H– –X Q– 2 –&$MXC H’

u XX M $ 5 W-S– – – u && S– $–Q– $W– –& M – $– 5 u HH$ $ MXq H QM
G– M$ 5$-HG W- $ $ 5 M X$&& 5 $ M&-d M – G HdMX- – 5 &–H$ W- & Q MMGX- &–H$
5M&X W$&WQ— W- – $–Q– 5 W$ –&$ t–M&Wd M S– – – u && N –H$ (Q– rd M
& QG$ M$ W- – 5d W$&Wd / – W- $WQ – H– $ $ W-S– – – u && d $H- 5 H $ M M / –/ M–
MQ – MX W-S– – – u && S– $–Q– ” D $W MH$ / M $ $ 5 W-(H– – W-& M d
W-S– – – u && S– $–Q– 5 W-2– $– wssfu q H QM G– M$ 5$-HG W- $ $ 5 MS– – –
u && N –H$ (Q– d WWXKQ – H– $ $ W-S– – – u && $ M$ 5M&$ 5 WM $ 5 W-
S– – – u && S– $–Q– –XM$ / W-2– $– wssfu q H G– $WHM 5 Q W-S– – – u && 5 W-
– 5 – X- $ W$ / M H–5$&$– & $ W-(– – u && d W-L $ &$ MXu && W-3– Q q H 2$ %$ /
u && –XM$ / MQ– 5 W- $ &$ MX 5d –Q$ Qd $5 M d $ – – M – $– 5 u HH$ $ MXq H d W-
S– – – u && S– $–Q– 5 W$&WWM G— M$ 5$-H W / W W- $ $ 5 MS– – – u && N –H$

(Q– ”

u S– – –u && N –H$ (Q– –& –H5 W q H WWXQ— W 5 XX $ / – $ –Q– y

tM u – G H $ M& X& $ –H W 3 —d G M & Q M X& –H $ – M $ M& X& / MM —$ / W $Q–X MQ– 5 H G – $& W q H tM E $&$ MX(– r QM G H $ –H $ W S– – –u && Q— W S– – –u && S– $ –Q– $5 W &XMQ M$ / MG$X 5 W $ – W – 5 WXXG M–HdM W $Q– 5 &W$ M&d u u u u MM G 2h L E H d – –&$ –X”

tG u – G H $ M& X& $ –H W 3 — G M – $ W WM ME $&$ MX(– QM G H $ –H $ W S– – –u && Q— W S– – –u && S– $ –Q– $5 W &XMQ M$ / MG$X 5 W $ – W – 5 WXXG M–HdM W $Q– 5 &W$ M&d u u u u MM G 2h L E H d – –&$ –X”

t& u & H$$ MX$ – &MGX X – 5 & –H$ $ –H W 3 — G MGM%QM G H $ –H $ W S– – –u && Q— W S– – –u && S– $ –Q– $5 W $ – W – 5 $ M–HdM W $Q– 5 &W $ M&dM X M u u G 2h L” 3 W X – 5 & –H$ WXXG MMGX $ – Q –HM – – M$ G W G –5$&M 5 M $/ W H M$ M&& Q M$ H G $ & 5&M WM $ W W XH $ 5$&$ 5 H QM% M – $ –H MQ– 5 $ &$ MX $ – – W G H” 3 W H M WXXG MMGX W HM 5 – – M$ 5 W $/ W H M$” 3 W X – 5 & –H$ WXXG 5 M – Q 5 X WM W— –M ” 3 W $ – 5 W X – 5 & –H$ WXX G – $ –H $5 W u / – & MH W 3 —d XM WM i s Q W $ W M– – M HM 5 W X – 5 & –H$dM W W &W M HM WXXG – – H–HdMH$5 d WXX$ H$&M W – – M HM”

(5 &W $& $ H$&M WM W – M HM WXX G – – H–Hd W u / – & WXXH $ $ W S– – –u && M MQ 5$&$ &M – W &MW – Q$ –H$ – Q– H $ $ W S– – –u && / – W $WM W M$5 $ / & –H$ $ Q– d – MX W S– – –u && S– $ –Q– MX MH$ / q H d &WH $ G M$H $ – MX$ MXQ– M X M M –Q$aM MXGM$ – W –QM $ / – Q 5 W X – 5 & –H$ d X W S– – –u && N –H$ (Q– $ – XM& H G MS– – –u && N –H$ (Q– Q— $ / W – $ –Q– $ M 5 W 5 –/ $ / G –&$ tMat&” 3 W X – 5 & –H$ WXX – Q$ MH M $ 5 XX X WM —% $ W – M – Q$ M$ 5 &W X – 5 & –H$ $5 W X – 5 & –H$ WM G— – XM& H – – –H’ 3 W 3 — WXXH M W X – 5 & –H$ $ $ – M – Q$ M$ X M M&& MGX – XM&Q– $ $ XM& W S– – –u && $ 5 XX 5 H–H$ $ – $ –HMQ ”

tH 3 W – 5 M S– – –u && N –H$ (Q– M W (H – WXXG G_& –&$ 5 M $ $ 5 & –X M W H – M W $ M$ d – –& $ d H X$ – MH – 5 &MG$X 5 &W $ Q– $ M&& HM& W – Q d G_& M X&MGX XM M5 –&$ / & –H$ $/ W / – – MX dMHd$ W – – W $ – 5 &W& –H$ $ Q– $ MH Q– $& $ dM $ $ 5 5 –$/ & –X’(MH$ $ d W – 5 M $ – &MGX X – 5 & –H$ WXXG G_& –&$ 5 M $ $ 5 & –X W –55 & WM MQ– H &W X – 5 & –H$ XH & $ – M $HMGX –5– – & H 2 –&$ cpP 5 W 4 ”2” q M% & N H QXM M– XM $WM $HMGX –5– – & $ $ $ W – – 5 W 5X / 5 M – $$ 5 –X$ 5 H W 4 ”2” q M% & N H QXM M– XM G MM$ W $ – 5 W G H t M W M&& M H W X – 5 & –H$ r”

t–r 3 W GX$/ M$ –$QG – W $ – 5 MS– – –u && N –H$ (Q– 5 M 5— d – – – d &XMQ HM &WS– – –u && N –H$ (Q– WXXG G H$ M W MQ– 5 H G – $& W q H” 3 W $/ W 5 W $ – 5 MS– – –u && N –H$ (Q– MQ– –$QG –Q– 5 $ 5— MH – – – WXXG G H$ M–H &MW – X $ WQ– 5 W S– – –u && dMHd G_& W –& H && –H$ / – – &d $ $/ W –$QG –Q– 5 &XMQ HM WXXG M M$ $W W &M – X $ WQ– 5 W S– – –u && ” 3 W S– – –u && N –H$ (Q– WXX $H 5 M – X $ / 5 M – H W$&W W MQ MM$XMGX W – H $XXG –$ M–H W – – 5 M –$QG –Q– 5 H M &XMQ MH’ (5 W – X $ / 5 M – $ – H–H – Q$ M–H 5 M –M d W $/ W 5 W $ – 5 W S– – – u && N –H$ (Q– –$QG –Q– $XXG 5 W G H$ M–H &MW – X $ WQ– 5 W S– – – u && M MQ – MX W H$5– – & G — W 5 XX $/ $ MXMQ MM$XMGX H W S– – –u && N –H$ (Q– MH W MQ W MM$XMGX 5 5 W H M &XMQ ” (5 t$r W $ – 5 MS– – –u && N –H$ (Q– G & Q– $ X– t$r W $ – 5 MS– – –u && N –H$ (Q– H 5M X $ $ MQ– GX$/ M$ W – H d W GX$/ M$ –$QG – W $ – 5 W S– – –u && N –H$ (Q– WXXG G H$ M W &MW – X $ WQ– 5 W S– – –u && ”

Investment of Moneys in Funds and Accounts

Covenants of the Agency

q % MHu && Ou MKu H$-HC$ M&$MK2 M-Q- " 3W-u/- & $XX%- - G % 5 -& H MHM&& tMHHM W-x-G 2- $&-MHS- - - C Hd WWXK&M - W-3 — %- - G % 5 -& H MHM&& rd - MM- 5 Q MXX W- -& H MHM&& 5 W-u/- & W-3 —dM W-&M- QM G-d$ W$&W& Q X- - MH& -& - $- WWXKG- QMH- 5 MXX M M&$ -XM$ / W- L _-& MH W-S-H- -X Q- 2 -&$MKC H' 2 &WG % 5 -& H MHM&& WWXK M MXX $Q- H $ / G $ - W G- G_-& W- $ -&$ 5 W-3 — t W WWXKWM- H G$$/M$ $ -&r 5 W-V - 5 X- WM - - &- t, s T r 5 W-M/ -/M-MQ 5q HVG$$/M$ W-$ - - - M$ - M W $ -H$ $$ /"

3W-u/- & $XX - M- MH5$X- $W W-3 — M MXX M M M&$$MGX-dG $ M - - XM- WM W H-H - - twPsr HM M5- W- &X - 5-M&WC$ &MK8 -Md X / M M q H M-V MH$ /dM MH$-H5$ M&$MK M-Q- 5 W-u/- & 5 W- -&-H$ / C$ &MK8 -M - M-HG M (H- - H- N- $$-HL G$&& u&& M d W$&WMH$-H5$ M&$MK M-Q- WWXK$ &XH- M M-Q- M W- QM - MH- - W$&W W- u/- & WM & Q X$-H $W W- $ $ 5 W- (H- - M $ -XM- W- 5 H MHM&& - MG$ WH M W- (H- -"

L -&$ 5 2-& $ MHS$/W 5 V - " 3W-u/- & $XX - - - MH -& W- -& $ 5 W- q H MH W- $/W 5 W-V - dMH $XX M M MHH-5- H W-$ $/W MM$ MXX&XM$Q MHH-QMH 5 MXX - " C Q MHM5- W- MK-MHH-X$ - 5 M q H G W-u/- & d &Wq H WWXKG-$ & - MGX-G W- u/- &"

LMQ- 53M- MHV W- NWM/-" 2 G_-& W- $ $ 5 W- (H- -d W-u/- & $XX M MH H$ &WM/ - MXX M- d - $&- &WM/ - dM - Q- MH W- / - Q- MK&WM/ - W$&WQM W- -M5- G-XM 5 XX $Q -H W-u/- & M - $- -HG W-u/- & $ W-L _-& u -Md W- - - - W- -5 Qd W- W- MQ- WWXKG-& Q- H -O $H-H WM W$ / & M$ -H $ W- (H- - WWXK - $- W- u/- & QM%-M &W MQ- X / M W-u/- & $ / H5M$ W WWXK& - W- MH 5M &WM- d - $&- &WM/ - dM - Q- W- / - Q- MK&WM/ -"

C$ M&$ / W- L _-&" 3W-u/- & $XX& QQ- & - W-5$ M&$ / -5$ M&$ / 5 W- & 5 W- L _-& G-M$H-H $W W- &-H 5 W-q H $WMXX M&$$MGX-H$ M&WdMH &W5$ M&$ / $XXG- M&& Q X$ W-H MH& Q X- -H$ M Hd -& Q$$&MKMH- -H$$ QM - MH$ & 5 Q$ $W W- S-H- -X Q- LXM MH W-z M M & Q X- - M$H5$ M&$ / -5$ M&$ / M M $GX"

3MM$ 5 z-M-H L - " J W- - - M - $ W- L _-& $ -H- -X -HG W-u/- & MH W- -M5- $ XM-HG W-u/- & M - - d W- - - W-u/- & XM- M -MK - $ W- L _-& M - - 5 -H- -X Q- d W- - WWXKG- M - -HMH M-H$ W- MQ- QM - M $ M-Xa -H - t$ M&& HM&- $W W- z M rdMH W- XM- & M& WWXK $H- t, r WM W- X- — WWXK M M- W- M - -H MK- 5 W- - $- - MH Q- -X W- M - -H MK- 5 W- XM-WXH$ - - dMHtwr WM$5 5 M -M W- M- M$HG W- X- — &W - $ M -MH $ / W- -Q 5 W-XM- WWXKG- X- WM W- M- WM XHWM-G— MMGX- W- - $- - $5 W- - - - M - -HMH M-H$ W- MQ- QM - M $ M-Xa -H - d W- X- — WWXK M &WH$5- - &- W- u/- & W W$ tisr HM M5- W- M- 5 &W -M G-& Q- MMGX-dMH $ M - - $ W- H-X$ - & HM- 5 &WM- - MG$ WHG XM"

x $ $$ 5 L - $ L _-& u -M" 3W-u/- & $XX d - &- M W- $- $H-H $ W- (H- -dM W $ - W- H$ $$ 5M -MK - $ W- L _-& u -M M - W$&W $XX - X $ &W - G-& Q$ / - -Q 5 Q MM$ G-&M - 5 G$&& - W$ - W- $ - t- &- 5 G$&& - W$ - & -Q XM-HG W- M X$&MGX- S-H- -X Q- LXM $ -5-& W- HM- 5 MH $ 5 W- (H- -d - G- -H5 G$&& — G$&& 5a — M%$ / 5M&$$$- -M-Q- $/W 5 M 5 G$&& $$$-d W- QXM - r $5 &WH$ $$ d / - W- $WMXX QXM $ H$ $$ G- - W- -5-&$ - HM- 5 W- (H- -d WWXK& Q $ - Q - WM - - &- t, s T r 5 W- M - -H MKM$ tM W W-Q -&- - M$ M$ M - Q- XX 5 W-N r $ W- L _-& u -M" (5 W- u/- & - QM%-M &WH$ $$ W$&Wd / - W- $WMXX QXM H$ $$ G- - W- -5-&$ - HM- 5 W- (H- -d WWXK& Q $ - Q - WM - - &- t, s T r 5 W- M - -H MKM$ tM W W-Q -&- - M$ M$ M - Q- XX 5 W-N r $ W- L _-& u -Md $ WWXK&M - G- 5$X-H $W W- 3 — MN XM S- W- -5-& 5 &W -HH$ $$ " (5 W-N XM S- & &XH- WM q HWXH- -& $ $XX G- QM- $MXX $Q M$ -HG &W -HH$ $$ d W-u/- & QM &-H $W

&W —HH$ $$ ”(5 W-N XM S– & &XH– WM3M (&–Q– $XXG–QM–$MXX –H &HG &W —HH$ $$ d W-u/– & WXXMM& H$$ –&H– &—H$ / $W &W —HH$ $$ d – $– WM &W – – – –$W-y

t,r LM W-3 —d X / M M 5 W-q H M–V MH$ /dM MQ – MX W-MQ WM XHWM–G— –&$–HG W-u/– & M3M (&–Q– S– – – $5 &W – – –M – –HMH M–H $ W- MQ–QM – M $ M–Xa –H a– –Q – d W&W MQ– WXXG–QMH– W W$ tisr HM M5– M– 5 –M&W –M XHG-&Q– MMGX W- M$ / M– &$– 5 a– –Q – MH$ M – – $ W-H–X$ – & HM– 5 &WM– – MGX$WHG XM O

twr LM W-3 —M$ /X Q – MX W-MQ – $QM–HG M (H– – H– S–H– –X Q– N XM G– –&$MGX-5 Q M– &W – 5 Q W-HM– 5 &W MQ– W-XM QM $ HM– 5 MXXV MH$ / q H dX M–M MGX-H$& MX–”

u XX &W MQ– W-3 —$ X$– 5 M– WXXG– –M–HM3M (&–Q– S– – – MH WXXG– H– $–HG W-3 —$ W-S–H– –X Q– 2 –&$MXC H’

<u>u Q– HQ– 5 W-S–H– –X Q– LXM</u>” 3W-u/– & $XX MQ– H W-S–H– –X Q– LXM 5 W- L _–& t W- WM M MQ– HQ– – – H W-–55–&$ – – 5 W-S–H– –X Q– LXM W- $Q–XQ$ 5 W- –&$ 53M (&–Q– S– – – G W-u/– & r – &– M $H–H$ W$ –&$ ”(5 W-u/– & – MQ– H W-S–H– –X Q– LXM t W- WM M MQ– HQ– – – H W-–55–&$ – – 5 W-S–H– –X Q– LXM W- $Q–XQ$ 5 W- –&$ 53M (&–Q– S– – – G W-u/– & rd$ WXX&M – G–5$X-H $WW-3 —M N XM S– W-–55–& 5 &W –HMQ– HQ– ”(5 W-N XM S– & &XH– WM3M (&–Q– S– – – $XX G–QM–$MXX –H &HG &W –HMQ– HQ– d W-u/– & QM H– M%– &W MQ– HQ– ”(5 W-N XM S– & &XH– WM3M (&–Q– S– – – QM G– $XXG–QM–$MXX –H &HG &W –HMQ– HQ– d W-u/– & QM H– M%– &W –HMQ– HQ– ”

<u>3M (&–Q– S– – –</u>” 3W-u/– & WXX&Q X $WMXX – $–Q– 5 W- zM $ – W- MXX&M$ MH MQ– $ 5 W-3M (&–Q– S– – – d$ &XH$ / $W XQ$M$ W- $Q–X 5$X$ / 5M –&– M M–Q– 5$ H–G–H– $WM $M– 5$$&MX 5B– N ”

3W-u/– & – – X 5$ H MHH– –Q$ – WM W- XH/–d MQ– MH – $ / M$H– 53M (&–Q– S– – – M $H–H 5 $ W- (H– – $ G_& M XQM & M$–H $ u $XX- 9(((q 5 W- N $ $ 5 W-2 M– 5NM$5 $M

<u>C W- u M&–</u>” 3W-u/– & $XX MH d QM%d – –& – MH H–X$ – M MH MXX &W 5 W- – X $ d$ Q– MHM M&– M QM G– –M MGX –&– M – &M W-$ – $ 5M&$$M– W- – 5 QM&– 5 W-(H– –dMH5 W-G– – M $ / MH& 5Q / W-V – 5 W-q H 5 W- $/W MHG– –5$ $H–H$ W-(H– –”

<u>x – $/ M$ 5 W-2– $– wssfu q H M k M$$–H3MaI –Q VG$/M$ MHI &– $ 5 Q S–GM– S– $–Q– .</u> 3W-F – $ / q MH 5 W-u/– & 5$ H WM$ –M MGX – –& WM W-MQ 5 Ma– –Q G$/M$ W$&WM–G–$ / MH $XXG–$ –HG W-u/– & d G M W- – $ G–WXX5 5 W-u/– & d$ &MX HM –M wssf $XX – &–H. cdsssdsssdMHH– $/ M– W-2– $– wssfu q H M M$$–H Ma– –Q G$/M$ 5 – 5 2–&$ woctGrtirtqr 5 W-N H–d MH W-NWM$ 5 W-F – $ / q MH MH W- I –& $ – x $–& d –$W- 5 W-Qd M– M W $–H – –& – MH H–X$ – M M $M– &– $$$&M$ W$ –55–& G–WXX5 5 W-u/– & ” C – 5 W- –&H$ / – – &–d W-u/– & – –& G– –X$– –H 5 W- G$/M$ M W-S–GM– S– $–Q– GM–H W- QMXX$ – – &– $ 5 2–&$,pjt5rtprtxr 5 W- N H–”

<u>3M N – M OS–GM– C H</u>’ 3W-u/– & & – M WM$ $XX M%– M M&$ d 5M$X M%– M M&$ d$5M &WM&$ 5M$X – M%– M&$ XHMH – –X M5–& W- – &X $ 5 Q / $ &Q– 5 W- $ – – M 5 W-2– $– wssfu q H H– 2–&$,si 5 W-N H–” 3W-u/– & $XX H$–&X $ H$–&X – – Q$ W- – 5M &–H 5 W-2– $– wssfu q H M W- 5 H 5 W-u/– & d M%– Q$ M%– M M&$ d WM XH&M – M 5 W-2– $– wssfu q H G– $ M–M&$ $ G H $M–

XM G H W W-Q-M$ / 5 2-&$, p, 5 W-N H-d MG$ M- G H W W-Q-M$ / 5 2-&$, pj tM 5 W-N H-d G- 5-H- MXX / MM —H W W-Q-M$ / 5 2-&$, pf tGr 5 W-N H-" 3 WM- Hd W-u / - & $XX& Q X $WMXX - $-Q- 5 2-&$, pj 5 W-N H- W- - - M X$&MGX- M 5 W-2- $- wssfu q H"

J $W X$Q$$ / W- / - - M$ 5 W-5 -/ $ / d W-u / - & M — WM W- - WXXG- M$H 5 Q $Q- $Q- MXXMQ - $-H G- -GM-H W-4 $-H 2 M- M 2-&$, pj t5r 5 W-N H- MH M -Q M d -H 5$ MXS-/ XM$ M QM G- M X$&MGX- M - $- 5q H 5 Q $Q- $Q-" (W- - - WMMM $Q- W-u / - & $ 5 W- $$ WM 5 - 5 W$ -&$ $ $ -&- M - $& X$Q$ W- $-XH W-$ - Q- 5 M Q - W-XHG W-3 — H- W- (H- -d W-u / - & WXXX $ & W-3 —$ $$ / d MH W-3 — WXXM% &WM&$ M QM G- -&- M $ M&& HM&- $W &W$ &$ "

L M W-5 -/ $ / MHM -&$-H $ W-3 M N- $$$&M-d W-u / - & - -& WM W-2- $- wssfu q H M- MH $XX -QM$ - -Q 5 Q M S-GM- S- $-Q- G$/ M$ " (W- - - 5 M -M WM W-u / - & $ XM- MH $-HG q HN -X WM $ QM G- G$/ M-H M W-S-GM- S- $-Q- d W-u / - & WXXX $ & W-3 —$ $$ / - MG$ WMH W-3 — WXXX W- - - MG$ WMH QM$ M$ M5 H - MM- 5 Q M W- 5 H - MG$ W-H MH QM$ M$ -H H- W- (H- - H- $/ M-H M W- S-GM- C H' D $W MH$ / M W- $$ 5 W- (H- - W-& M dMXXMQ H- $-H$ H- $$ W-S-GM- C H WXXG- / - -HG W$ -&$ MHG W-3 M N- $$$&M- t W$&W$ $ & M-H$ W- (H- - G -5- - &r" 3 W-u / - & WXX&M - G- H- $-H$ W-S-GM- C H W-S-GM- S- $-Q- M $H-H$ W-3 M N- $$$&M-" 2 G_-& W- $$ 5 W- (H- -dMXXQ - MM $Q- H- $-H$ W-S-GM- C H WXXX G- W-XHG W-3 —$ 5 MQ- W-5-H- MX/ - Q- 5 W-4 $-H 2 M- 5u Q- $$&M 3 W-u / - & MH W-V - WXXWM- $/ W $ &X$Q &WQ - "

4 W- $ - H$ -&$ 5 W-u / - & d W-3 — WXXX$ - MXXMQ W-XH $ W-S-GM- C H $ L- Q$ -H(- Q- d G_-& W- - $&$ - 5 W$ W-3 M N- $$$&M-"

4 -&$ 5 W-S-GM- (&$ - $-H G- H-X$ - -H W-3 — G W-3 M N- $$$&M-d W-3 — WXX -Q$ M MX 5 W- GMM&- W-XH $ W-S-GM- C H W-5-H- MX/ - Q- 5 W-4 $-H 2 M- 5u Q- $$&MM H$ -&-H' (MH$$ d$ 5 W-S-GM- (&$ H$ -&d W-3 — WXXH- $ Q - $ M 5- Q - 5 W-S-GM- C H 5 Q $ &WM&& 5 H M W-S-GM- (&$ H$ -&" u 5 H -QM$ $ / $ W-S-GM- C H M5- -H-Q $ MH MQ- 5 &W - $- 5q H MH MQ- 5 M - $-H -GM- MQ d $$ QMH- W- -5 - M$ 5M& W-3 —d WXXG- $WHM MH -Q$ -H W-u / - &"

3 W-3 — WXXWM- G$/ M$ M M MQ - $-H G- -Q$ -H M W- (H- -d W- WM 5 Q Q - W-XH $ W-5 H MHM&& &-M-H H- W- (H- - 5 Q W- Q - $H-H $ G W-u / - &"

3 W-3 — WXX& &X $ -X G- H—Q-H WM- & Q X$-H $W W- $$ 5 W- (H- - $5 $ 5 XX W-H$ -&$ 5 W-u / - & - 5 W$ W-S-GM- (&$ dMH WXX G- - $-H M% M M&$ W- - H- $ W-MG- - &- 5 S-GM- (&$ 5 Q W-u / - &"

D $W MH$ / M W- $$ 5 W- (H- -d W- G$/ M$ 5 W-u / - & -Q$ &M - G- -Q$ -HM - $-H -GM- MQ W-4 $-H 2 M- / - Q- MH & Q X $WMXX W- - $-Q- 5 W- (H- - MH W-3 M N- $$$&M- WXX $ - W-H-5-MM&- MQ- $ 5 XX 5 &W - $- 5q H"

D $W MH$ / M $$ 5 W- (H- - W-& M d$5 W-u / - & WXX $H- W-3 — M $$ 5q HN -X W- -55- & WM M M&$ - $-H H- W- (H- - $ X / - - $-Hd WM Q- 5 W- H$55- - M&$ $ - $-Hd QM$ M$ W- - &X $ 5 Q 5-H- MX/ $ & Q- 5 W-$ - - W-2- $- wssfu q H M W-N H-d W-3 — MH W-u / - & QM & &X $ -X -X &W $$ $ & Q X$ / $W W- $$ $ W- (H- -dMH W- $$ W- - 5 WXXG- H—Q-H G- Q H$$$-H WM - - "

[illegible]

The Trustee

[illegible]

t–r u 3 — M $ –H H– W– $$ 5 W–(H– – WWXXG–M &Q M GM%
WM$ / W– – 5M &Q M dWM$ / M& M– 5S$&– $ NM$5 MWM / t $ W–&M– 5MGM%
&Q M W$&W$ MQ–QG– 5MGM%WXH$ / &Q M –Qd W– –XM–HGM%WXH$ / &Q M WWXX
WM–r M& QG$ –H&M$MKMH X 5M XM 5$5 QX H XM t. csdsssdssrdMH G–& – $$
– MQM G 5–H– MK M–M W $ "(5 &WGM%d &Q M GM%WXH$ / &Q M G$ W– M–
5& H$$ M X–M M MXd M XM W– – $–Q– 5M – $$ / – MQ$ $ / M W $
MG – –5– –H d W– 5 W– – 5 W$ G–&$ W– &QG$ –H&M$MKMH X 5 &WGM%
&Q M WWXG–H–Q–H G–$ &QG$ –H&M$MKMH X M – 5 W$ $ Q –& – 5& H$$
G$ W–H' (&M– M M $Q– W– 3 — WWX&–M– G– –X$/ $GX $ M&& HM&– $W W– $$ 5 W$
G–&$ d W– 3 — WWX – $/ $QQ–H$M–X $ W–QM – MH $WW––55–& –&$$–H$ W–(H– –"

t5r D $$ $ W–(H– – WWX – $– W– 3 — $% – – H $ 5 H
W– $–$ & M 5$ M&MXMGX $ W– – 5 QM&– 5M 5$ H $– H– W–(H– –"

t/r (M&&– $ / W– &–M–HG W–(H– –d W– 3 — M& X X M 3 — 5 W– V –
MH $ $ $ H$ $H MX&M M&$ dMH H– &$ &Q M&– WWX W– 3 — G–X$MGX $ $ $ H$ $H MX&M M&$ 5
W– G$/ M$ – $H– &–HG W–q H"

tW 3W– 3 — QM%– – – – M$ M M d– – $Q X$–HdM W– &Q X$M&– $W
X/MX – $–Q– 5 W– – & –Q XM–HG W– u/ – & 5 W– 5 H H– W–(H– –" 3W– 3 — $
– $GX 5 M 5 W– – – – M$ d M M $– & – M 5 W– u/ – & H– W–(H– –"

t$r 3W– 3 — WWX G– – $GX 5 W– –& H$ / 5X / 5M H &Q– –XM$ / W–
(H– – 5 5$ M&$ / M–Q– t & $ M$ M–Q– $ & –&$ W– – $W" 3W– 3 — WWX G–
H–Q–H WM– QMH– – – – M$ M W– –& $ M$5 H–H W– –G M W– M$H$ d 5$$&$– & $ $
5M &WH &Q– d& XM– MX –& $ 5 W– q H"

t_r 3W– 3 — WWX G–H–Q–H WM– % X–H/ – 5M I – 5x –5MX H– W–(H– –
X MH XM – $GX V5$$&– WWXWM– M& MX% X–H/ – W– – 5M W– 3 — $ &$ MX& M–
5$$&–"

t%r 3W– 3 — WWX G–M&& MGX 5 W– – M X$&M$ G W– u/ – & M W– M 5
M 5 H W$&W W– 3 — WM –X–M–H H– W–(H– –"

tX 3W– 3 — WWX $H– MQ WX M&& $ / 5MXC H W–XH M W–(H– – W–
u/ – & W 5$5 — t, cr q $– x M M5– W– – H 5 &WQ WMH WWX $H– M–Q– 5M&& 5
–M&WM MX – $ HG–/ $ $ / u / w MH– H$ / u / , d W fs HM M5– W– – H 5 &W – $ H' 2 &W
M&& $ / WWX W $ –M MGX H– M$XMX5$ M&$MX M M&$ QMH– G W– 3 — H $ / W– M&& $ /
– $ HMH W– GMM&– $ M C H MHM&& &–M–HG W– 3 — H– W–(H– –M 5 W– G–/ $ $ / MH
&X – 5 &WM&& $ / – $ H'

tQr u XXQ – –& $ –HG W– 3 — WWXd $X –H M X$–H $ – –H M $H–H $ W–
(H– –dG– W–XH$ 5 W– – 5 W$&W W– – – –& $ –HG —H G– –/ –/ M–H 5 Q W– 5 H
– &– W– – – – $–HG XM"

t r 3W– – Q$ $ – $/ W 5 W– 3 — H W$ / – Q– M–H $ W–(H– – WWX G–
& –HM MH X– –&$$–H$ W–(H– –"

t r 3W– 3 — QM M $ MHM& W / WM M– MH WWX G– – $GX 5 M Q$ & H &
–/ X$/ – &– 5M &WM– M $ –H $WH – &M–"

t r 3W– 3 — QM%– – – – M$ $W– – –& M $ 5 QM$ d M–Q– d –&MX dMH
WWXWM– XMGX$ $W– – –& dM 5$$&$MX M–Q– d 55– $ / Q–Q MH Q M W– H$ &X – QM– $MX
– M–H H$ $G –H $W– – –& W– q H"

Amendment of the Indenture

tMl 3 MHH W & – M MHM —Q– 5 W u / – & $ W (H– –& M$ –Hd W & – M MHM —Q– W –M5– G– G– –Hd – H– M $/ W – $ W (H– – – – –H & 5– –H W u / – & O

tGr 3 QM% &W $ $ 5 W – 5 & $ / M MQG$/ $ d 5 & $ / d & –&$ / XQ– $ / M H-5-&$ – $ $ & M$ –H $ W (H– –d $ –/ MH – $ M$ $ / H– W (H– –dM W u / – & QM H—Q –&– M H– $ MGX MH $ & $ – $ W W (H– –dM H W$&W WXK QM– $MK MH – –X M5–& W $ – – 5 W V – 5 W q H O

t&r 3 $H– 5 W $ M&– 5 M u HH$$ MKq H d MH $H– W – Q MH & H$$ H– W$&W &W u HH$$ MKq H QM G– $ –Hd G_& MH $ M&& HM&– $ W W $ $ 5 W (H– –O

tHr 3 Q H$5 dMQ– H XQ– W (H– – $ &WQM – M – Q$ W M$$$&M$ 5 W (H– – H– W 3 (H– – u & 5, f i f dM MQ– H-Hd M QM 5-H– MK M – W –M5– $ –55–&dMH MH &W W – Q d& H$$ MH $ $ M QM G– – Q$ –HG M$HM& QM 5-H– MK M –dMH W$&W WXK QM– $MK MH – –X M5–& W $ – – 5 W V – 5 W q H O

t–r 3 QM$ M$ W – &X $ 5 $ – – 3 Mal –Q q H 5 Q / $ & Q– 5 C-H– MK $ & Q– M – O

t5r 3 GM$ MG H $ M&– X&& M M$ / W q H d $ & –&$ $W GM$ $ / M X&& 5 $ M&d – G HdX – 5 &–H$ W & Q MMGX &–H$ 5M&$$ M$ 5 MK M $ 5 W S– – – u && S– $–Q– ”

x $ M$$$-H q H ” q H –H W-XHG 5 W M&& 5 W u / – & W N$ WXK G– H—Q–H V MH$ / 5 W – 5 M & – W M&$ M &MK X M$ 5 V MH$ / q H $H-H 5 $ W (H– –dMH WXK G– – $XH & – d M% M W M&$ $H-H 5 $ W (H– –”

I H –Q– S– X M&Q– 5 q H u 5– u Q– HQ– ” u 5– W –55–&$ – HM– 5 M M&$ M% M $H-H $ W (H– –d W u / – & QM H – – Q$ – WM W q H QM G-M M M$ dG – H –Q– $ 5 Q M –HG W u / – & dM &WM&$ dMH $ WM &M– H-QMH 5 W V – 5 M q H V MH$ / M &W–55–&$ – HM– MH – – M$ 5 W$ q H 5 W – M W 55$&– 5 W 3 — M &WMHH$$ MK 55$&– M W 3 — QM –X& MHH– $/ M– 5 WM –dM $MGX M$ M &WM&$ WXKG– QMH– &Wq H’ (5 W u / – & WXK H– – Q$ –d – q H Q H$$-H Md$ W $ $ 5 W u / – & d WXKG– –&– M & 5 Q &WM&$ WXKG– – M-HMH– –& –HdMH $ WM &M– H-QMH 5 W V – 5 M q H V MH$ / M &W–55–&$ – HM– &W – q H WXKG– – &WM / –H M W 55$&– 5 W 3 — M &WMHH$$ MK 55$&– M W 3 — QM –X& MH H– $/ M– 5 WM –d $W & –M&WV – d 5 q H W V MH$ / d – H– 5 &WV MH$ / q H ”

u Q– HQ– G E MKN – ” 3 W $ $ 5 W (H– – WXK – – M V – 5 Q M&&– $ / M MQ– HQ– M W M $& XM q H W-XHG W$Qd $H-H WM H – M$ W – 5 $ QMH– &W q H ”

D $&– S M$ / u / – &$– ” 3 W u / – & WXK $H– –M&W M$ / M– & M$ / W q H $ WM $&– 5 M MQ– HQ– W (H– – M W (H– – MHM& 5 M 2 XQ– MK(H– –”

Events of Default and Remedies of Owners

2–& Hd – – M$ 5 W– – – MKq H dMH W– MQ $ / W– – 5 W–MQ 5 W– MQ– $5 X M $MXK M$Hd W– – H– W– – 5 $5 5 XX M$Hd W– MQ– 5 W– W X–MQ W– $ / MH M$H W–q H 5 $ – – MH $ &$ MKl W – – W– – H– $ &$ MKM W– M– 5 $ – – W– q H dMH $ &M– &WQ – WXKG– $ 5$$&$– M $ 5 XX W– W X–MQ $ / MH M$H W– q H d W– W– MQ– 5 &W$ – – d $ &$ MKl MH $ – – – H – $ &$ MK $W –5– – &– $ $ MQ / &W$ – – d $ &$ MKl MH $ – – – H – $ &$ MKl MMGX W– M/ –/ M– 5 &W$ – – d $ &$ MKl MH $ – – – H – $ &$ MK"

<u>3 — S– – – q H – </u>" 3 W– 3 — $ $ – &MGX M $ –H t MH W– &&– $ – – –&$ – V – 5 W– q H d G M$ / MH $ / W– MQ–d WXKG– & &X $ –X H–Q–H WM– M $ –H W– 3 —r M — MH – MH XM 5 XM – a$ a5M& 5 W– V – 5 W– q H 5 W– – 5– – &$ $ / MH –& $ / W$ G–WXK &W $/ W MH –Q–H$– M QM G–MM$XMGX &WV – H– W– $ $ 5 W– q H d W– (H– –d W– z M MH M X$&MGX $ $ 5M W– XM " 4 W– && – &– MH & $ M&– 5 M I – 5x –5MX W– &&M$ / $ $ / $– M $/ W $ W– 3 — – – – W– V – 5 W– q H d W– 3 — $ $ H$ &– $ QMdMH W– $ – – – 5 W– V – 5 X– WM – a5$ – – &– twcTr $ M/ –/ M– MQ 5q H VG$/ M$ W– V MH$ / dMH G–$ / $ H–Q 5–H $ M$ 5M&$ W– –5 d WXKl &–H –& – 5 & $ $/ W W– $/ W 5 &WV – G &WM $M– M&$ d $d QMHMQ W– &–H$ / M $ WXKH—Q Q –55–& MK –& MH – 5 &– M &W $/ W dM XM $ – $ d–$W– 5 W– –&$$& – 5 QM&– 5M & – M M —Q– & M$ –H$ W– (H– –d $ M$H 5 W– – –& $ 5M – / M –H$ W– (H– –d 5 W– – 5 &–Q– 5M W– M $M– X/ MK – $MGX $/ W –Q–H – –H$ W– 3 — $ &WV – H– W– (H– –d W– z M M W– XM " u XX $/ W 5 M&$ H– W– (H– – W– q H W– $ – QM G– –& –H MH – 5 &–H G W– 3 — $W W– – $ 5M 5 W– q H W– H &$ W– – 5 $ M &–H$ / –XM$ / W– – dMH M &W $dM&$ &–H$ / $ $ –H G W– 3 — WXKG– G / W $ W– MQ– 5 W– 3 — 5 W– G– –5$ MH –&$ 5 MK W– V – 5 &Wq H d G_& W– $ $ 5 W– (H– –"

<u>q H – x $–&$ 5 L &–H$ /</u>" u W$ / $ W– (H– – W– & M $W MH$ / d W– V – 5 MQM_ $ $ M/ –/ M– $ &$ MKMQ 5 W– q H W– V MH$ / WXKWM– W– $/ W d G M $ Q– & & – $ Q– $ $ $ / – –& –H MH H–X$ – –H W– 3 —d H$ –& W– Q– W H 5 & H &$ / MK –Q–H$MK &–H$ / M%– G W– 3 — H– W– (H– –O $H–H d WM &W H$ –&$ WXK G– W– $ – WM $ M&& HM&– $WXM MH W– $ $ 5 W– (H– –dMH WM W– 3 — WXKWM– W– $/ W H–&$ – 5 XX M &W H$ –&$ W$&W$ W– $ $ 5 W– 3 — XH G– _ X –_H$&$MK q H – M $– &W H$ –&$ "

<u>z$Q M q H – S$/ W 2 –</u>" D V – 5M q H WXKWM– W– $/ W $ $ – M $d M&$ &–H$ / M XM $ – $ d 5 W– –&$ – 5 &–Q– 5M $/ W –Q–H H– W– (H– –d W– z M M W– M X$&MGX XM $W– – –& &Wq Hd X– t, r &WV – WXKWM– / $ – W– 3 — $ – $&– 5 W– && – &– 5M I – 5x –5MX Otwr W– V – 5 X– WM – a5$ – – &– twcTr $ M/ –/ M– MQ 5q H VG$/ M$ W– V MH$ / WXKWM– QMH– $ – – – W– 3 — – –&$ – W– – / M –H(W– (H– – $ $ – &W $dM&$ &–H$ / $ $ MQ–O tir &WV – M$H V – WXKWM– – H– –H W– 3 — –M MGX $ H–Q $ MM$ W– & d– – – MH XMGXX$$– G– $ & –H$ & Q XM&– $W &W– – OMH tpr W– 3 — WXKWM– –5 –H Q$ –H & Q X $W &W– – 5 M – $ H 5 $ tosr HM M5– &W $ – – – WXKWM– G— –&$ –H G dMH M$H – H– 5 $ H–Q $ WXKWM– G— QMH– d W– 3 —"

2 &W $$$&M$ d – – d – H– 5 $ H–Q $ MH –5 MK Q$ $ M– H–&XM–H d $ – – &M–d G– & H$ $ –&H– W– – –&$ – G M V – 5q H 5M –Q–H H– W– (H– – H– XM O$ G–$ / H– HMH $ – H–H WM – Q –V – 5q H WXKWM– M $/ W $ M QM – WM– – G W$ W$ M&$ M5–&d H$ G –_H$&– W– –& $ 5 W– (H– – W– $/ W 5M W– V – 5 q H d – 5 &–M $/ W H– W– (H– –d W– z M W– M X$&MGX XM $W– – –& W– q H d– &– $ W– QM – $H–H $ W– (H– –dMH WM MK &–H$ / M XM $ – $ – 5 &–M &W $/ W WXK G– $ $ –H d WH MH QM$ M$ –H$ W– QM – $H–H $ W– (H– – MH 5 W– G– –5$ MH –&$ 5 MK V – 5 W– V MH$ / q H d G_& W– $ $ 5 W– (H– –"

<u>D aJ M$ –</u>" D W$ / $ W– $ $ 5 W– (H– –d $ W– q H d WXK M5–& $Q M$ W– G$/ M$ 5 W– u / – & d W$&W$ MG X – MH & H$ $ MKl M W– $ – – MH $ &$ MK 5 W– q H

Defeasance

Miscellaneous

[illegible]

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[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

SUMMARY OF INDENTURE RELATED TO THE SERIES 2009B BONDS

Definitions

u/–&d M W- 5S$&- 5 W-u/–& H X M W $–HG W-u/–& ––&–M $ Q– G––& –H MHH-X$––H G-WXS 5 W-u/–& M W-(H- –"

k & "3W- –Q qM-8–M Q–M d $W– –& W-V $/$ MXL _–& u –MC$ &MX8–M ,ffjaffd MH 5 M uHH-Hu –M $ Q–M W-C$ &MX8–M M X$&MGX- W-M – Q– XXM – M$–H $ W- –55–&$–HM- 5 W- H$ M&-MQ– H$ / W- S–H- –X Q– LXM MHH W-u HH-Hu –M'

k - B 3W- –Q q HN –X Q–M M M – M XM 5$Q 5M – d 5 M$ MXX –&/ $–H MH$ / $ QM– – M$ $/ W-5-H- MXM ––Q $ 5$ –– G H $ –HG M- MH X$ $&MX GH$ $$ dMHH X MHQ$–H M&S$&- XM G-5 – W-W$/W- & 5M M- 5 W-4 $–H2 M-"

k E "3W- –Q q HxM- Q–M W-NX $/xM-"

k E N , "3W- –Q q Hx–G 2– S&- u&& Q–M W-M&& G WM MQ– – MGX$ W-HMHQM$ M$–HG W-u/–& W W-S–H- –X Q– 2 –&$MXC H M W-(H- –"

k G "3W- –Q q HVGX$/M$ Q–M dM 5M /$– HM- 5&MX&XM$ d W- $&$ MX MQ 5 &Wq H'

k cG "3W- –Q q H – V – Q–M W- – $ W– MQ–M/$– q H WXXG- –/$ ––H'

k B 3W- –Q q H Q–M W-2–$- wssfq q H MHMXu HH$$ MXq H"

k N "3W- –Q q H 5M2–$- d q H 5 &W2–$- d 2–$- 5q H Q–M MXX 5 W-q H $ –H M W- MQ–(H- – 2 X-Q– MX(H- –MHG-M$/ W- MQ–q HxM-"

k .I k "3W- –Q q %I q H Q–M q H 5M –$- –/$ ––H$ W- MQ– 5 W-D Q$— 5Mx– $ M W- – W–5 M W- –Q MH $$ 5 W-(H- –"

k E "3W- –Q q $– xM Q–M MHM 5 W- –M W$&WGM% $ D– 8 %D– 8 %z u /–X- dNMX5 $MMHM W- XM&- $ W$&W W-N M-3 V55$&- 5 W-3 —$ X&M-HM- – $–H M W $–H –QM$ &X –HMH W$&W W-D– 8 %2 &%I &WM/–$ &X –H'

- "3W- –Q N$ Q–M W-N$ 5qM%- 5$-XHdNMX5 $M M &&- – $ "

- E "3W- –Q NX $/xM-d M M –$- 5q HdQ–M W-HM- W$&W W-––& –H MHM W- $&M-Hq H 5 WM –$- M- H-X$––H W- $/$ MX &WM- W–5$ – &WM/–5 MQ– G &W $/$ MX &WM- 5 W- &WM- $&- 5 &W–$- 5q H"

- "3W- –Q N H- Q–M W-(– MXS–– –N H- 5,fjodM MQ– H-HMHM –/ XM$ 5 W- 4 $–H2 M- x– M Q– 5 W-3 –M $ –H W– H-"

- x "3W- –Q N XM S– Q–M M– $/ –HG M (H- – H- C$ M&MX N XM M (H- – H- S–H- –X Q– N XM dM QM G-M $M- W- G_& 5 W- – dMH $ &XH$ /y

t,r M M-Q– WM W- – 5$Q QM$/ /$$/ &W– WM –MH W- –$– $$ 5 W-(H- – W$&W &W– –XM- O

twr MG$-5 M-Q– M W- M –MH & – 5 W-– MQ$ M$ $ – $/M$ W$&W W- – $ GM-HO

tir M M-Q– WMd$ W- $$ 5 &W – 5$Qd 55$&$- – MQ$ M$ $ – $/M$ M
QMH-M $ –&- M – MGX- M$H(H- – H- C$ M&$MKN XM (H- – H- S-H- –X Q– N XM
– – M $ 5 Q-H $$ $W– –& W- G–& QM– –5- –H $ W– ”

- E - B 3W- – Q N $ $ / x $ &X –N– $$$&M- Q-M t$r $W– –&
W- 2– $- wssfq q H d WM& M$ N $ $ / x $ &X –N– $$$&M-dHM-H W- NX $ / x M- 5 W- 2– $- wssfq
q H d– –& –HMHH-X$ – –HG W- u / – & d –XM$ / W- 2– $- wssfq q H d M $ QM G-MQ– H-H 5 Q $Q–
$Q– $ M&& HM&- $W W- – Q W- – 5d MH t$$r $W– –& M W- 2– $- 5 q H d W- & $ $ /
H$ &X –H & Q– –&$$-H $ W- 2 XQ– MX(H- –5 &W2– $- 5 q H”

- U G ” 3W- – Q N M- 3 V55$&- Q-M &W & M- 55$&- 5 W-
3 —$ z u / –X- M W$&WMM M$& XM $Q– & M- G $– WXKG-MHQ$ $ – –Hd &W W-
55$&- M $ WXKH- $/ M-d– &- WM $W– –& – – M$ 5 q H 5 MQ– d M 5- – &WM/ –d &W
– Q WXKQ-M W- & M- 55$&- 5 4 ”2” q M%DM$ MXu &M $ 2 ”LMXdE $ – M”

- ’ ” 3W- – Q N 5(M& Q-M MK$–Q 5– – – H$ –&X $ H$ –&X MMGX-
G –$QG MGX- W- u / – & d W- u W $ W- N$ MH –XM-H W- M W $ M$ d$ M&d MK MH
H-X$ – 5 W- q H d $ &X H$ / G XQ–H GX$&M$ MH $ $ / & d & 5 – MM$ MH
– H &$ 5 H & Q– d5X / MH –& H$ / 5— d5— MH &WM/ – 5 W- 3 —dX/ MK5— MH &WM/ – d5—
MHH$ G –Q– 5 & XM MH 5- $ MKd M$ / M– & 5— d5— MH &WM/ – 5 – MM$ d– –& $ d
M M$ MH M5-%— $ / 5 W- q H d MH M W- & d &WM/ – 5— MMGX- G –$QG MGX- W-
u / – & d W- u W $ W- N$ $ & –&$ $W W- $/ $ MK$ M& 5 W- q H”

- ’ L ” 3W- – Q N 5(M& C H Q-M W- 5 H– MGX$ W-HMHQM$ M$ –H
G W- 3 — M W- (H- –”

- B 3W- – Q N Q-M W- N 5B– dM X$ $&MK GH$ $ $ 5 W- 2 M- 5 NMK$5 $Md
W W$&W W- N$ $ $ M-H”

- & ” 3W- – Q N – 8 –Md M 5M HM-dQ-M W- W- a& – C$ &MK8 –M”

E N x L aNI ri’ 3W- – Q x –G 2– $&- MH S– – – C H t2I r Q-M W- 5 H
– MGX$ W-HMHQM$ M$ –HG W- 3 — M W- (H- –”

E ” 3W- – Q x– $ Q-M W- –& $$- H- $ M&$ / M x– $ M W-
(H- –”

L N ” 3W- – Q C-H- MK2–& $$- Q-M y H$ –& a&MXMGX- GX$/ M$ 5 W- 4 $–H
2 M- 5 u Q– $&MMH –& $$- 5 XX MH & H$ $ MKK / MM —H M W- $Q–X MQ– 5 $ &$ MKMH
$ – – G W- 4 $–H 2 M- 5 u Q– $&Md W$&WH$ –& GX$/ M$ / MM — W- 5 XX5M$ WMH &–H$ 5 W-
4 $–H 2 M- 5 u Q– $&MWM G— XH/ –HdS–5& $ – – $ dNu 3 2d3 (FS2d23SL2d H-5-M-HQ $&$ MK
G H M-Huuu G 2h L uMMG E H t M & QG$ M$ W- – 5r”

L & B 3W- – Q C$ &MK8 –M Q-M d5 M2– $- 5 q H d W- – $ H & QQ– &$ /) X , 5
–M&W –M M5– W- HM- 5 W- MK MHH-X$ – 5 &W2– $- 5 q H MH – Q$ M$ / W- – &&- –H$ /
) – i s d M W- M MKM&& $ / – $ H –X&–H MH H- $/ M-H G W- u / – & M $ C$ &MK8 –M $
M&& HM&- $W W- z M MH $W $&- W- 3 —”

L B 3W- – Q C$ &W Q-M C$ &W(&’ MH $ &&- MH M $/ d– &- WM $5 &W & M$
WXKG- H$ X–H X$ $HM-H WXK X / – – 5 Q W- 5 &$ 5M –& $$- M$ / M– & d W- W- – Q
C$ &W WXKG- H—Q–H –5- M W- M$ MKa –& / $ –H –& $$- M$ / M– & –X&–HG W- u / – & ”

m G , aNI ri’ 3W- – Q F– – MKV – M$ / u && t2I r Q-M W- M&&
– MGX$ W-HMHQM$ M$ –HG W- u / – & W W- S-H- –X Q– 2 –&$MKC H M W- (H- –”

P N ., x B 3W – Q Y $ / 2– au $H-S– – – Q–M d $W– –& W-L _–& MH5 M/$ – C$&MX8 –Md WM $ 5 M– MX&M-H MH –&-$ –HG W-u/ – & $W– –& W-L _–& MH – $–HG 2–&$ iiiip'w 5 W-zM G– – aM$H-5 W– – 5$ &–M$ / d$Q $ / dMH – – $ / W-&QQ $ e X 5X aMHQ H-M-a$ &Q– W $ / MM$MGX-M M5 HMGX-W $ / & – MH 5MQ$$– 5X Q H-M- $ &Q–dX – $ &Q– W –WXHd – X $ &Q– W –WXHdMH– –Q–X X $ &Q– W –WXHdMH – $–HG 2–&$ iiiip'i 5 W-zM G-H– $–H$ W-z MHE H-M-(&Q– Y $ / C H 5 W-u/ – &"

' ***B***3W – Q (H– – Q–M W-(H– –MHMX2 XQ– MX(H– – "

' ***- H ,*** ***B*** 3W – Q (H– – H– N– $$-HL G$&u&& M Q–M M &– $$-H G$&M&& M 5$Q 5 &WM&& M H X X&– –HMH– $XH M&$&–MH M&$$ / M &W H– W-XM 5 W-2 M– 5NMX5 $MM $ –HMH M$HG W-u/ – & dMH Wd –M&W 5 WQy

t, r $ $ 5M& $ H– – H– MH H– W-H Q$ M$ 5 W-u/ – & O

twr H – WM–M G M MX – – dH$–& $ H$–&d $WW-u/ – & OMH

tir $ & –&–H $WW-u/ – & M MQ–QG–d 5$&– –Q X — 5 W-u/ – & dG W QM G– –/ XMX –M$ –H QM‰M MX W- MH$ 5 W-G % 5 – W-u/ – &"

' ***L -*** " 3W – Q (H– – H– C$M&$MXN XM Q–M M5$M&$MX & XM 5$Q 5 &W& XM / – – MX –& / $ –H G– –XX MX$$-H$ W-5$M&$MX& X$ / 5$-XHd M $ –HMH M$HG W-u/ – & dMH Wd –M&W 5 WQy

t, r $ $ 5M& $ H– – H– MH H– W-H Q$ M$ 5 W-u/ – & O

twr H – WM–M G M MX – – dH$–& $ H$–&d $WW-u/ – & OMH

tir $ & –&–H $WW-u/ – & M MQ–QG–d 5$&– –Q X — 5 W-u/ – & dG W QM G– –/ XMX –M$ –H QM‰M MX W- – W-u/ – &"

' ***x -*** " 3W – Q (H– – H– S–H– –X Q– N XM Q–M M & XM 5$Q 5 &W& XM / – – MX –& / $ –H G– –XX MX$$-H$ W-5$-XH 5& X$ / –XM$ / M MX&M$ G H5$M&$ / G NMX5 $M–H– –X Q– M– &$– dM $ –HMH M$HG W-u/ – & dMH Wd –M&W 5 WQy

t, r $ $ 5M& $ H– – H– MH H– W-H Q$ M$ 5 W-u/ – & O

twr H – WM–M G M MX – – dH$–& $ H$–&d $WW-u/ – & OMH

tir $ & –&–H $WW-u/ – & M MQ–QG–d 5$&– –Q X — 5 W-u/ – & dG W QM G– –/ XMX –M$ –H QM‰M MX W- – W-u/ – &"

' ***N*** " 3W – Q (5 QM$ 2– $&– Q–M C$M&$MX(5 QM$ d(&' xM$X NMX-H q H 2– $&– dis E / Q– 2 —d, s WCX d)– – N$ dD–)– – sPiswdu – $ y I H$ OB– (5 QM$ 2– $&– NMX-Hq H 2– $&-d ooq MH Md, o WCX dD– 8 %dD– 8 %, sssoOE H (– 2– $&– E $$$ MXMH F – Q– d ff NW &W2 —d j WCX d D– 8 %d D– 8 %, sssPd u – $ y E $$$ MX D– S– O2 MHMHh L N M$ NMX-H q H S–& Hd wc q MH Md i HCX dD– 8 %d D– 8 %, ssspOMHd $ M&& HM&– $WW- & – / $H-X$ – 5 W-2–& $$– MH I &WM/ – N QQ$ $ d &W W- MHH– – MHh &W W- – $&– H / $ 5 QM$ $W– –& W- –H-Q $ 5G H M W-u/ – & QM H-$ / M–$ MJ $ – S– – 5 W-u/ – & 5$XH $WW-3 —"

' ***,*** " 3W – Q (– – u&& Q–M W-M&& – MGX$WH MH QM$ M$ –H G W- 3 — W W-x–G 2– $&–MHS– – –C H M W-(H– –"

' H E "3W– –Q (–– LMQ– xM– Q–M M C–G M , u / , W$&W $ –– M –$– 5q H $ &W–H XH G– M$H1&QQ– &$ / C–G M ,dws,sd $W– –& W–2–$– wssfq q H"

' , "3W– –Q (– Q– u / —Q– Q–M M $ – Q– M —Q– / MM —H $ – Q– & M& G MHG– — W–3 —MHM M$ MK M–&WM– –HGM% M$ / MHXM $ $ $ t$ &XH$ / W–3 —rd H / 5 W–$ – Q– 5Q – W–XH $ &– M$ 5 H M&& – MG$ W–H M W–(H– –"

("3W– –Q zM Q–M W–N QQ $ S–H– –X Q– zM 5 W–2 M– 5NM$5 $MtG–$ / LM , 5x$$$ wp 5 W–Y–MKWMH2M5– N H– 5 W–2 M– 5NM$5 $M1M MQ– H–Hrd MH MKXM MQ– HM W– – 5 XQ– MKW– – "

(x "3W– –Q z– – 5S– – – M$ Q–M W–X– – 5 W–u/– & MH W– 3 —H–X$ – –H MHM&&– –HG W–x– $ $ W–$ M&– 5M – $– 5q %a1 q H t W$&WQM M%– W–5 Q 5MGXM%– z– – 5S– – – M$ 5 MKK 5 W–u/– & q Hr – $ / 5 WW– GM$ W$&W W–x– $ – – M H– $ 5 &Wq %a1 q HdM $/ $ MKK – –& –H M $ QM G– XQ– –H – $–H – X&&–HG MX– – M G $ –H– $ "

K , E N B 3W– –Q E M$Q Q u MKx–G 2– $&– Q–M dM 5M HM– 5 &M&&XM$ d W–XM/– u MKx–G 2– $&– H $ / W– – $ H 5 Q &WHM– 5 &M&&XM$ W / W W–5$ MK QM $ HM– 5M V MH$ / q H"

K "3W– –Q E H Q–M E H (– 2– $&–d(&dM& M$ H X / M $–HMH – $ $ / H– MHG $ – 5 W–XM 5 W–2 M– 5x–XM M–dMH$ &&– MHM $/ d– &– WM$5 &W & M$ W$KG–H$ X–H X$ $HM–H W$K X / – – 5 Q W–5 &$ 5M –& $$– M$ / M– &d W– W– –Q E H W$KG–H–Q–H –5– M W– M$ MKK –& / $–H –& $$– M$ / M– & –X&–HG W–u/– &"

) U ' x "3W– –Q D– 3M (&–Q– S– – – Q–M d5 M / $ – C$ &MK8 –Md 3M (&–Q– S– – – X– W– G$/ M$ MMGX–H $ / &WC$ &MK8 –M 2– $ x–G"

) B 3W– –Q D Q$— Q–M W– Q$— 5 W–x– $ d W$&WQM G– W–x– $ dM H– – Q$ –H5 Q $Q– $Q– M 2–&$ w',i 5 W–(H– –"

G H , "3W– –Q V $/ $ MKL _–& u –M Q–M d $W– –& W–L _–&d W– – W$&W & Q $–H W–L _–&d M H– &$G–H $ W– S–H– –X Q– LXM M W– $Q– 5 W– MH $ 5 W– S–H– –X Q– LXM) – isd,fffdM W– MQ– WM G— QM G–XM– – $–HG M MQ– HQ– W$&W– X $ W–H–X $ 5M $ 5 &W – 5 Q W–V $/ $ MKL _–& u –M'

G "3W– –Q V MH$ / W– –HM 5M M$&XM $Q– $W–5– – &– q HdQ–M t G_–& W– $$ 52–&$ f's wr MKq H – &– y

t,r q H W– – 5 –&M&–X–HG W–3 — – H– –H W–3 —5 &M&–XM$ O

twr q H M$H H–Q–H WM–G— M$H W W–Q–M$ / 52–&$, , 's, OMH

tir q H $ X$– 5 $ G $ $ 5 W$&W W– q H W$KWM– G— M W $–H1– –& –H1 $ –HMHH–X$ – –HG W–u/– & M W–(H– –"

H ' "3W– –Q L–Q$ –H(– Q– Q–M M 5 W–5 XK $ / dG X W– – – – Q$ –HG W–XM 5 W–2 M–MH W–N$ $ – Q– X$& y

tM1 4 $–H2 M– VG$/ M$ O

tGr VGS/MS dHG- -d - W- -SH- & 5$HGH- $ -H / MM —HG M 5 W-5XX $/ $ Q- MS$- M-&S- 5 W-4 $-H2M- 5uQ-$&My C-H-MKY Q-z M qM%2 -QOI a(Q qM% 5 W-4 $-H2M-OC-H-MKC$M&$/ qM%OF - Q- DMS MK E /M-u &SMS OC-H-MKDMS MKE /M-u &SMS O2 H- z M EM%-$/ u &SMS O C-H-MKCMQ N-H$ q -MOCMQ- Y Q-uHQ$$ MS OC-H-MKY Q-z M E /M-N MS O MHC-H-MKY $/uHQ$$ MS O

t&r x$-&MH/--MKX /a-Q GS/MS 5M M-d WS&W GS/MS M- M-H$ -5 W- WS/W- SMS/NM-/ $- G - Q - 5 W-SMS/u/-&S-O

tHr x$-&MH/--MK W a-Q GS/MS 5M M- WS&W GS/MS M- M-H$ W- WS/W- SMS/NM-/ G - Q - 5 W-SMS/u/-&S-O

t-r 4 -& -H &- $SS&M- 5 H- $d $Q- H- $ MH GM%- e M&&- M&- tWM$/ QM $$- 5 Q - WM iocHM r 5M GM% W- W a-Q GS/MS 5 WS&WM- M-H W-HM- 5 &WM- ua,“ G- - G 2h L MH La, G E H e MH &- $SS&M- 5H- t&XHS/ W- 5 W-3 —d$ M- MH$ MSSS&M- r -& -HMMKX$Q- G &XM-MKWMQMG- -HG M MS MK GM%5 - 5 MS5$/ $ GS/MS &XM-MKS- M 5-H-MKXM WS&WM-$ -HG &QQ-&SMKGM%dM$/ MHXMM &SMS Q MKM$/ GM% W- W a-Q GS/MS M- M-H W-HM- 5 &WM-ua, G- - G 2h LdE H e MHC$&WO

t5r z /a-Q Q-H$Qa-Q & M-H-G/ MM —HG M & MS WM$ M-H$ - 5 W- WS/W- SMS/NM-/ $- G - Q - 5 W-SMS/u/-&S-O

t/r S- &WM- M —Q- WS&WM- tur - --H $ $WGM% &QMS- /M$-H H- M-XMdMS MKGM%$/M &SMS d$ M&-&QMS- / - Q- G HH-MK- - $/ d MHS/ $WdMH -&/ $-HMM $QM H-MK- GdW-C-H-MKS-- -qM% 5D- 8 % MH WS&W-$W- M-Q-QG- 5 W-2-& $ (- L -&$ N MS $WMH-MK- M- WXHS/&QM WMWMM$ -Q- /MH- MS/5Q - Q - 5 W-SMS/u/-&S- MHtqr 5XX -& -HG GS/MS -&SSS-H$ $-Q tMI tGr 5 WS H-5$$$ 5L-Q$-H(- Q- t,r WS&WM- MK-H X- 5- - X WMQ WXMHWM-M5MSQM%- MK-d-&X $- 5M&& -H $ --dMXM - MK W-MQ $ - -H$ W- - &WM-M —Q- dtwr W-XHG W-3 —t W $XX G- W- $H- 5 W-&XM-MK G M C-H-MKS-- -qM% MH- $ M&&- MGX- W- 3 —dtir G_& M-5-&-H5$ X$- $ 5M 5 W-3 —MHtpr5—MH&XM5 QMKXWSHa M X$- O

tW L$Q-&QQ-&SMK M- 5M4 $-H2M- & MS d5$M&-&QM GM%$/ $ $ $ M-H$ W-WS/W- W a-QSMS/NM-/ 5 - Q - 5 W-SMS/u/-&S-O

t$r 2WM- 5MHS- S-H -a- HQMM-Q- $ - Q- &QM tMH-5$-H$ W- (- Q- NQM u& 5,fpsdMMQ-H-Hr WM- $ M-/ XM-H$ -Q- &QM tMH-5$-H$ 2-&$ jc,tMI 5 W-NHr WM$ turMQ - QM%- 5 H WMWMG— M-H$ - 5 W- WS/W- SMS/NM-/ $- G - Q - 5 W-SMS/u/-&S- tqrMQ - QM%- 5 H M&& 5 W- 3 — $ MSSS&M- M M- 5-H-MKGM%WM$ M-HMXM $ W-WS/W- W a-QSMS/ NM-/ G - Q - 5 W-SMS/u/-&S- $ M-H$ - 5 W- WS/W- X /a-QSMS/ NM-/ $- G - Q - 5 W-SMS/u/-&S-d W- - GM%WXHS/&QM M- $ M-HM XM $ W-WS/W- W a-QSMS/NM-/ G - Q - 5 W-SMS/u/-&S- $ M-H$ - 5 W- WS/W- X /a-QSMS/NM-/ $- G - Q - 5 W-SMS/u/-&S-d WMWMM&QG$-H &M$MKMH X 5 X- WM .csdssdsss tMKX$ - Q- $&XH-H$ WS &XM - t$rQM $&XH- 5 H WS&WW-3 — $ MSSS&M- $H-$ - Q- MH$ W- QMM-Q- - $&-rO

t_r (-- G-MS/ - $ -HG MGM%$/ $ $ $ WM$/ M&QG$-H&M$MKMH X 5MXM .cssdssdsss MH W- -$ HG$$ W-WS/W- SMS/NM-/ G - Q - 5 W-SMS/u/-&S-O

t%i L GX&& W $ / G H $ –H G GX&& M– &$– W&&W M– –$W– & H$$ MXK / MM —H M $ &$ MXMH $ – – G W- 4 $–H 2 M– 5 u Q– $&M MH $ W- W$ W- SM$ / NM–/ G – Q – 5 W- SM$ / u / – &$– O

tX VGX$ M$ $ –H / MM —H G L $ M– I C H$ / N M$ d S– X $ C H$ / N M$ MHM W- $ Q– MK$ M– & 5 W- 4 $–H 2 M– 5 u Q– $&MO

tQr (– Q– u / —Q– O

t r u W- – 5 $ – Q– & $ – $ W N$ X&& $ W&&W W- N$ H$–& W- 3 — $ – $H–H WM W- – $ H–X$ – –H W- 3 — M&– $$$&M– 5 M u W $–H N$ S– – – M$ – M$ / WM –M&W 5 W- SM$ / u / – &$– W- QM$ M$ $ / M M$ / W- q H WM G— $ 5 Q–H 5 W- MK $ – $ &W$ – Q– MH–M&W 5 &WS M$ / u / – &$– WM & 5$ Q–H WM &W$ – Q– $XK MH – –X M5–& W- M$ / W- M $/ –H G &W M$ / M– & M 5 W- q H O

t r u M– MHQ $ $ – –H X$ – Q– 5 H$ W&&W W- N$ $ M $X – Q$ –H – $–H $ – t$ &XH$ / G X$Q $–H W- 2 M– 5 N M&5 $ Mz &MKu / – & C H t zu (C r – MGX$ W-H M 2–&$, opwf", " 5 W- F – Q– N H– 5 W- 2 M–rO

t r u $ – Q– –&5&MXK M W $–H G MN –H$ L $H– 5 M2– $– 5 q H dM – 5 W$ M2 XQ– MK(H– –OMH

t r u W- $ – Q– W&&W$ M – Q$ –H $ – Q– 5 W- N$ $ M&& HM&– $ W W- XM 5 W- 2 M–"

H *2* *U .I* *k* *H* " 3 W- – Q L– Q$ –H 4 – 5 3 MaI –Q q H L &–H Q–M dM 5 W- NX $ / x M–dM – – H$ – 5 &WG H &–H 5$ M&– –5$ M&– W- & MH $ &$H– MK– – – 5 tM MX$5 M$ MHM – M 5M&X $– —H–H 5 M _–& % M W- , f W2 — x – –X Q– d tGr – M& $ $ $ 5 M _–& % M W- ossmsw, j W2 — x – –X Q– MHt&r % MH$Q –Q– d$ &XH$ / G X$Q $–H W- H– / H$ / 5– $ $ / – WMH $X$$– d M _–& % M W- E $XXN —%z $ –M LM%O $H–H WMd 5 XX $ / W- NX $ / x M–d W- u / – & WXKG– – Q$ –H Q H$5 W$ X$ 5 L– Q$ –H 4 – 5 3 MaI –Q q H L &–H d $H–H WMd $ – – $ / M –H – – H$ – 5 % $Q –Q– $ &XH–H$ W- 5 –/ $ / X$ d W- u / – & WXKK GM$ M M $ / X/ MK $ $ 5 q H N –X & 5$ Q$ / WM &W –H – – H$ – – – H$ – QM G– QMH– $W _– MH$ $ / W- Ma– –Q M 5 W- 2– $– wssfq q H"

H *(* " 3 W- – Q LXM z Q Q–M W- X$Q $ M$ & M$ –H$ W- z M W- $ – & M$ –H$ $ & M–H$ W- S–H– –X Q– LXM tM W- M/ –/ M– $ &$ MXMQ 5 $ H–G–H – MMGX 5 Q 3 M (&–Q– S– – – W&&WQM G– MH$ / MM $Q– –XM$ / W- M X$&MGX L _–& u –MMHtGr W- – $ H 5 $Q– 5 – MGX$ W$ / d$ & $ / – M$ / $ H–G–H – MMGX 5 Q 3 M (&–Q– S– – – d –XM$ / W- L _–& u –M'

H *,* " 3 W- – Q L $ &$ MXu && Q–M W- M&& – MGX$ W-H MHQM$ M$ –H G W- 3 — W W- x –G 2– $&– MHS– – – C H M W- (H– –"

H *'* " 3 W- – Q L $ &$ MX (MXQ– Q–M d $W – –& M L $ &$ MXLMQ– x M–d W- $ &$ MXMQ 5 V MH$ / q H t$ &XH$ / QMHM $ %$ / 5 H MQ– r H – &WHM–d$5 M "

H *H* *E* " 3 W- – Q L $ &$ MXLMQ– x M– Q–M M u / , W&&WML $ &$ MX (MXQ– $ &W-H XH G– MH–l& QQ– &$ / u / , dws, sd $W – –& W- 2– $– wssfq q H"

H *N* *Yjjvk k* " 3 W- – Q L &–H 5 W- 2– $– wssfq q H Q–M W- $/ $ MK M MQ 5 W- 2– $– wssfq q H X- M – $/ $ MX$ – H$ & X M – $/ $ MX$ – –Q $ Q"

H B 3W– –Q L _–& Q–M W– H– M$ / 5 W– u / – & M W– S–H– –X Q– LXM MH W– z M 5 W– –H– –X Q– 5 W– L _–& u –M MH & QQ X –5– –H M W– 2 W–M q M– 5$–XH S–H– –X Q– L _–& d M W– S–H– –X Q– LXM MHn W– L _–& u –MQ M G–MQ– H–H 5 Q $Q– $Q– $ M&& HM& $ W W– z M ”

H , ” 3W– –Q L _–& u –M Q–M W– – $ & Q $ $ / W– L _–& d M H– & $G–H $ W– S–H– –X Q– LXM d M W– MQ– QM G–MQ– H–H 5 Q $Q– $Q– d MH & $ d M 5M HM– 5H– – Q $ M$ d 5 W– V $ $ MKL _–& u –M / – W– $ W W– – $ & Q $ $ / –M&W u H–H– H u –M $ 5 M d 5 W$&W W– MQ– HQ– 5 W– S–H– –X Q– LXM W$&W MH–H– H &W – $ WM G–& Q– –55–& $ –”

x N L ” 3W– –Q S–H– –X Q– 2 –&$MKC H Q–M W– 5 H G WM MQ– – MG$ W–H MH QM$ M$ –H G W– u / – & M W– (H– –”

x H ” 3W– –Q S–H– –X Q– LXM Q–M W– –H– –X Q– XM 5 W– L _–& d MH –H MH M –H G V H$ M& D ” i f s p d MH –H G W– N $ N &$X 5 W– N $) – i s d , f f f d / – W– $ WMXX5 W– MQ– HQ– W– –$ G–5 – W– –M– QMH– W– – $ M&& HM& $ W W– z M ”

x ” 3W– –Q S–/ XM$ Q–M –Q M MH – QM– –/ XM$ Q XM–H M X$&MGX– H– 2–& $, s i MH MX –XM–H $ $ 5 W– N H–”

x , ” 3W– –Q S– – – u && Q–M W– M&& – MG$ W–H MH QM$ M$ –H G W– 3 — W W– x –G 2– $&– MH S– – – C H M W– (H– –”

x , - ’ ” 3W– –Q S– – – u && N –H$ (Q– Q–M M &–H$ $ Q– Q— $ / W– – $–Q– 5 2–& $ c’s Ptpr – M$ $ / W– – ”

x , x ” 3W– –Q S– – – u && S– $–Q– Q–M M MQ – MK W– X–M 5 t, r – – & t, s T r 5 W– &–H 5 W– q H d t w r E M$Q Q u MK x –G 2– $&– W– q H t i r – W H–H – a5$ – – & t, w c T r 5 u – M– u MK x –G 2– $&– W– q H O $H–H WM d $ W– – – &–H 5 M q H M– $ $ $MX H– $–H $ M – & 5 H W–XH G W– 3 —d W– S– – – u && S– $–Q– WXKG– –H &–H $ W– MQ– $ WM W– $ &$ MKMQ 5 G H W$&W XH G– &MXMGX– 5 Q W– – & –H &–H G–M W– MK $ &$ MKMQ 5 G H MH$ / ”

x G ” 3W– –Q S– $GX– V55$&– Q–M M K$&– a L – $H– d u $ M K$&– L – $H– 3 V55$&– 5 W– 3 — WM $ / –/ XM – GX$ 5 & M– QM– ”

Ni H’ 3W– –Q 2h L Q–M 2 MH MH MH L SM$ / F MH $ &&– MH M $ d – & WM$5 &W& M$ WXKG–H$ X–H X$ $H M–H WXK X / – – 5 Q W– 5 & $ 5 M – & $ $– M$ / M – & d W– W– –Q 2h L WXKG–H–Q–H –5– M W– M$ MK a –& / $ –H M$ / M – & –X&–H G W– u / – & ”

N E ” 3W– –Q 2–& $ $– x – $ $– Q–M y3W– x – $ 3 N Q M d P, , 2 – M u – –d F MH– N$ d D– 8 %, , c i s d C Ma t c, o r w P P a p s i f d $ M&& HM& $ W W– W– a& – / $H–X$ – 5 W– 2–& $ $– MH I &WM / – N QQ $ $ d &W W– MH–H– – – MHn &W W– –& $ $– H– $ $– M W– u / – & QM H– $ M–”

N E ” 3W– –Q 2– $ x –G Q–M M MQ MH$ / H– t, r MN M& 5 z M F MM — u $ M&– 4 H– 2–& $, s j 5 W– Y $ / MH N QQ $ x – –X Q– u & 5, f P p d M MQ– H–H d p w 4 ”2”N”2–& $ c i s j d HM–H 2– –QG– , i d w s s o d G MH G– — W– u / – & MH W– 4 ”2” x – MQ– 5 Y $ / MH 4 GM x – –X Q– d M W$&W W– u / – & G –H. , d s s d s s d MMGX– W M – Q w s –M d M $ $ 5$ M &$ / M5$– M$ W W– 2 W–M L _–& u –MQ MH t w r MN M& 5 z M F MM — u $ M&– 4 H– 2–& $, s j 5 W– Y $ / MH N QQ $ x – –X Q– u & 5, f P p d M MQ– H–H d p w 4 ”2”N”2–& $ c i s j d HM–H) X i , d w s s P d G MH G– — W– u / – & MH W– 4 ”2” x – MQ– 5 Y $ / MH 4 GM x – –X Q– d M W$&W W– u / – & G –H. i d P c s d s s d MMGX– W M – Q 5 w s –M d 5$ M &– W– E $XX N —% E $ –H a 4 – L _–& W W– 2 W–M L _–& u –M’ S– MQ– 5 W– Y 4 x z M D ” w MH Y 4 x z M D ” i $

–& –HG MX$– 3M (&–Q– S– – – / – – M–H W W–2 WM L _–& u –Ml W$&WX$– $ – $
W–X$– WM –& – W– – MQ– 5 W–q H”

N E N , ”3W– – Q 2– $ x–G 2– $&–u && Q–M W–M&& G WM MQ–
G– – MGX$ W–HMHQM$ M$ –HG W–u / – & W W–S–H– –X Q– 2 –&$MKC H M W–(H– –”

N k B 3W– – Q 2– $MKq H Q–M q H 5 W$&W 2$ %$ / u && (MKQ– M–
$H–H’

N Yjjvk k H , ” 3W– – Q 2– $– wssfq q H L &–H u && Q–M W–
M&& G WM MQ– – MGX$ W–HMHQM$ M$ –HG W–u / – & W W–S–H– –X Q– 2 –&$MKC H M
W–(H– –”

N Yjjvk k B 3W– – Q 2– $– wssfq q H Q–M W–q M‰ 5$–XH S–H– –X Q– u / – & 3M
u XX&M$ q H d 2– $– wssfq t3Mal –Q 3M (&–Q– S– – –r d 2 WM q M‰ 5$–XH S–H– –X Q–
L _–&”

N , ’ ” 3W– – Q 2$ %$ / u && (MKQ– Q–M W– MQ 5 Q –
– $–H G– M$HG W–u / – & M2$ %$ / u && LMQ– x M– MH W– – $–Q– 5M M$& XM 3– Q
q H $ W$ – –&$ – M–HQM $$– d M – 5 W$ W–(H– –”

N , H E ” 3W– – Q 2$ %$ / u && LMQ– x M– Q–M M u / ,
W$&W 2$ %$ / u && (MKQ– 3– Q q H M– &W–H XH G– M$H–M – 5 W$ W–(H– –”

N ’ ” 3W– – Q 2 XQ– MK (H– – Q–M M $ H– – MQ– HM 5
XQ– MK W– (H– –d G X $5 MH W– – – WM &W 2 XQ– MK (H– – $ –&$$$&MKK
M W $ –H H– W–(H– –”

U - ” 3W– – Q 3M N– $$$&M– Q–M d $W – –& M – Q – – $– 5 q H d M
N– $$$&M– N– $$$&M– 5 W–u / – & & &– $ / W–&MK& XM$ 5M MQ G– M$H W–4 $–H 2 M– 5
u Q– $&M M 2–&$, pj t5r 5 W–N H–MHM W– QM– –XM$ / W– – &X $ 5 $ – – &W
q H 5 Q / $ & Q– 5 5–H– MK$ & Q– M – ”

U .I k ” 3W– – Q 3Mal –Q q H Q–M d $W – –& M – Q – – $– 5
q H d WM W– $ – – MMGX– $W – –& &W – $– 5 q H $ – &XH–H 5 Q / $ & Q– 5 5–H– MK
$ & Q– M – d M –XXM G–$ / – –Q 5 Q NMK$5 $M – MK$ & Q– MM$ ”

U ’ x ” 3W– – Q 3M (&–Q– S– – – Q–M d 5 –M&WC$ &MK8 –M d G–/ $ $ / $
W– C$ &MK8 –M $ W$&W W– 2– $– wssfq q H M– $ –H d W– Q – MK &M–H M$H W– u / – & H– $ –H
5 Qy

tMl WM $ 5 M– X– $–H M – MGX– – W W– L _–& u –MMH MKK &M–H W–
u / – & M u $&X– o 5 NWM – o 5 W– z M d 2–&$, o 5 u $&X– 9 K(5 W–N $ $ 5 W– 2 M– 5
NMK$5 $MlMH W–S–H– –X Q– LXM t– &X $ – 5 t$r MQ d $5 M d –&–$ –HG W–u / – & $W – –&
– MK – W W– L _–& u –M M 2–&$, o, , , 5 W– F – Q– N H–d MH t$r MQ
MMGX– G W–u / – & M W– M M a W / W MQ– GX$/ M$ 5 W–u / – & $ M&& HM&– $W
2–&$ i i osP'c 5 W– z M d– &– W– – – WM W–N $WW XH &WMQ 5 H$–& H$ G –Q–
W– M a W / W MQ– –&$ $– d MH 5 W– – &– W– – – &W MQ– M– G H$ M– W– MQ–
5u MK x –G 2– $&–r OMH

tGr –$QG –Q– d G– $ d W– MQ– QMH– G W–2 M– 5 NMK$5 $M $W – –& M
– M– WM XH W– $– G–H – –MK – MK – G 5 M – –Q $ 5 &W – 5 Q
&W M– d

The Series 2009B Bonds; Certain Provisions of the Series 2009B Bonds

Procedure for the Issuance of Additional Bonds

Pledge of Net Tax Increment Revenues; Redevelopment Special Fund.

Establishment of Redevelopment Special Fund and Accounts Within Said Fund; Application of Tax Increment Revenues and Portion of Series 2009B Bond Proceeds.

Application of Moneys Deposited in Bond Debt Service Account.

X W GMM&d$M d WWKG MK&MH $&$MK'u MQ 5 $&$MK MH W H – WWK& $ – M&& –$ – – M W M M X&MGX &WL $&$MK(MKQ– $X MH'

Establishment and Administration of Costs of Issuance Fund.

3W – $ & M H M –&MK 5 H G WXHG W 3 — &MKH W qM% 5$XH S H –X Q– u/– & d3M (& Q– S– – –q H N 5(M& C Ht2I r tW N 5(M& C Hr" C W $W –&$ 5 W & H 5 MK 5 W 2– $ wssfq q Hd W 3 — WWKH $ W MQ 5 G H & H – &$G HG W (H – $ W N 5(M& C H' uXQ – $ W N 5(M& C H WWK G M X H W MQ– 5 N 5(M& $ & –HG W u/– & $ & –&$ $W W M W M d $ M& MH MK 5q Hd$ &XH$ / W 2– $ wssfq q H MHM uHH$$ MKq H H X$ – –H W $/$MK &WM– W – 5 W NX $/ xM" 3W 3 — WWK M Q – 5 Q W N 5(M& C H –&$ 5 – $$$ HM W – MH $/ –HG M u W $ HS– – – M$ – 5 W u/– & dMH W 3 — QM & &X $ X –X &W – $$$ " 4 W MQ– $ 5 XX 5 &W& MH – – – W QM$ / 5 MH M $$ 5 W MQ– W – 5d– $H &HG MJ $ – S– – 5 W u/– & W 3 —dM GMM& –QM$ $/ $ &WC H WWKG M 5– H W u/– & 5 H $$ W 2– $ wssfq q HL & H u&& W W S H –X Q– 2 –&MKC HdMH – H$ / &WM X&M$ d W Q – $ &WC HQM G $ – –HM – Q$ –H$ W (H –"

Application of Moneys Deposited in Series 2009B Bond Proceeds Account Within the Redevelopment Special Fund.

C W $W –&$ 5 Q W 3 — 5 W MQ 5 W & H 5 MK 5 W 2– $ wssfq q H – &$G HG G –&$ t& 5 2–&$ i'š, d W u/– & WWKH $ MH MQ $ W 2– $ wssfq q H L & H u&& "

E – $ W 2– $ wssfq q HL & H u&& WWKG –HMHH$G –H$ W QM – $H H G XM 5 W – 5 MH$ / $ 5$ M&$ / –5$ M&$ / W L _–& t 5 QM$ / –$QG –Q– W u/– & 5 &W& W – 5 – MHG $rO $H H WM MK – H$ – 5Q – $ W 2– $ wssfq q H L & H u&& WWKG – $& H L– Q$ –H4 – 52– $ wssfq q HL & H M – – – W M 5 W 2– $ wssfq q H M 3MaI –Q q H"

3W u/– & M M WM–M&W $WHM MK5 Q W 5 –/ $ / M&& W W S H –X Q– 2 –&MK C H WWKG QMH $ W QM – $H HG XM MH W (H – 5 W – 5 MH$ / $ 5$ M&$ / –5$ M&$ / W L _–& 5 QM$ / –$QG –Q– W u/– & 5 &W& W – 5 – MHG W u/– &"

Establishment and Administration of Debt Service and Reserve Fund and Accounts Within Such Fund

3W – $ & M H M –&MK 5 H G WXHG W 3 — &MKH W qM% 5$XH S H –X Q– u/– & dx –G 2– $& MHS– – –C Ht2I r tW x –G 2– $& MHS– – –C Hr"J W W x –G 2– $& MH S– – –C HdW 3 — WWK MG$ WtM M (– – u&& dtGr ML $ &$ MKu&& dt& M3 – Q q H 2$ %$ / u&& MHtHr MS– – –u&& "

uX3M (& Q– S– – – M 5– H W 3 —G W u/– & $ M&& HM& $W2–&$ c'ši WWK G – MH G W 3 — $ –M&WC$ &MK8 –M W MHM –&$ –H$ W M X&MGX M&& W W x –G 2– $& MHS– – –C H' uXQ – $ –M&W 5 &WM&& WWKG WXH$ G W 3 — MH WWKG M X Hd –HMH $WHM X 5 W – M W $ –H$ W (H –"

t, r <u>(– – u&&</u> " uQ M 5– H W 3 —G W u/– & M G –&$ tM 5 2–&$ c'ši WWKG H $ H$ W (– – u&& O $H H WM H $ —HG QMH $ W (– – u&& $5 W MQ & M$ –H W –$ $ MXM – MK W M/ –/M MQ 5 W $ – – G & Q$ / H – MH MMGX MKV MH$ / q H W (– – LMQ– xM $ &WC$ &MK8 –M' uXQ – $ W (– – u&& WWKG –HMH $WHM G W 3 — XX 5 W – 5 M$ / W $ – – W q H M $ WWKG & Q– H – MH MMGX t$ &XH$ / M&& –H$ – – M q H &WM H –H Q H $ QM $ r" twr L $ &$ MKu && " u Q M 5– –H W 3 — G W u / – & M G –&$ tGr 52–&$ c'si WWKG H $–H$ W L $ &$ MKu && O $H H WM H $ —HG QMH $ W L $ &$ MK u && $5 W MQ & M$ –H W –$ $ M XM – MK W M/ –/M MQ 5 $ &$ MK 5 MKV MH$ / 2– $MKq H G & Q$ / H – MH MMGX W L $ &$ MKLMQ– x M $ &WC$ &MK8 –M" u XQ – $ W L $ &$ MKu && WWKG –HMH $WHM G W 3 — XX 5 W – 5 M$ / $ &$ MK 5 W 2– $MK q H M W WWKG & Q– H – MH MMGX"

tir 3– Q q H 2$ %$ / u && " u Q M 5– –H W 3 — G W u / – & M G –&$ t&r 52–&$ c'si WWKG H $–H$ W 3– Q q H 2$ %$ / u && O $H H H $ —HG QMH $ W 3– Q q H 2$ %$ / u && $5 W MQ & M$ –H W –$ $ M XM – MK W M/ –/M MQ 5 MK2$ %$ / u && (MKQ– – $–H G QMH W 2$ %$ / u && LMQ– x M $ &WC$ &MK8 –M" u XQ – $ W 3– Q q H 2$ %$ / u && WWKG –HMH $WHM G W 3 — XX 5 W – 5 &WM$ / –H—Q$ / W 3– Q q H $ M&& HM& $W2–&$ w'sptGr"

tpr S– – – u && " C W $W –&$ 5 W &–H 5 MK 5 W 2– $ wssfq q H d W 3 — WWKH $ $ W S– – – u && W MQ – &$G HG W (H –" 3 W –M – dMQ d$5 M d M 5– –H W 3 — M G –&$ tHr 52–&$ c'si WWKG H $–H$ W S– – – u && O $H H WM H $ —HG QMH $ W S– – – u && X / M W – WWKG H $ W –$ M MQ – MK W S– – – u && S– $–Q– " u XQ – $ &–H$ –H W S– – – u && WWKG –H MH $WHM G W 3 — XX 5 W – 5 – X W / W (– – u && d W L $ &$ MKu && W 3– Q q H 2$ %$ / u && $ &W H d$ W – – 5 M H 5$&$ & $ M 5 &WM&& && $ / M (– – LMQ– x M dL $ &$ MKLMQ– x M 2$ %$ / u && LMQ– x M d 5 W – 5 M$ / W $ – – W $ &$ MK 5 W q H $ W – – WM W Q – 5 W u / – & $ XM 5 XX MM$MGX W –5 d 5 W – $–Q– 5 MKq H W V MH$ / O $H H WMd X / M W u / – & $ $ H 5MX H W (H –dM MQ $ W S– – – u && $ – & 5 W S– – – u && S– $–Q– WWKG $WHM 5 Q W S– – – u && G W 3 — MH M 5– –H W u / – & 5 H $ $ W F – – MK V – M$ / u && t2I r W W S–H –X Q– 2 –&$MKC HOMH $H H 5 W WMd $ W – – WM M S– – – u && N –H$ (Q– $ $H HG W u / – & W 3 — 5 H $ $ W S– – – u && d M MQ W H $ $ W S– – – u && $ – & 5 W S– – – u && S– $–Q– M M – X 5 &WH $ 5 MS– – – u && N –H$ (Q– QMd W J $ – S– – 5 W u / – & W 3 —d G $WHM 5 Q W S– – – u && G W 3 — MH M 5– –H W u / – & 5 H $ $ W F – – MK V – M$ / u && t2I r W W S–H –X Q– 2 –&$MKC H"

u XX M $ 5 W S– – – u && S– $–Q– $W – –& M –$ 5 u H$$ MKq H QM G M$ 5$ HG W $ $ 5 M X&& 5 $ M&dM – G HdMX – 5 &–H$ W & Q MMGX & –H$ 5M&$$ d W&WQ— W – $–Q– 5 W (H – t–M&Wd M S– – – u && N –H$ (Q– rd M & QG$ M$ W – 5d W&Wd / – W $WQ – H $ $ W S– – – u && d $H 5 H $ M M/ –/M MQ – MK W S– – – u && S– $–Q– " D $W MH$ / M $ $ 5 W (H – W & M d W S– – – u && S– $–Q– 5 W 2– $ wssfq q H QM G M$ 5$ HG W $ $ 5 MS– – – u && N –H$ (Q– d WWKQ – H $ $ W S– – – u && $ M$ 5M&$ 5 WM $ 5 W S– – – u && S– $–Q– –XM$ / W 2– $ wssfq q H G $WHM 5 Q W S– – – u && 5 W – 5 – X W / M H 5$&$ & $ W (– – u && d W L $ &$ MKu && W 3– Q q H 2$ %$ / u && –XM$ / MQ– 5 W $ &$ MK 5d –Q$ Qd$5 M d $ – – M – $ 5 u H$$ MKq H d W S– – – u && S– $–Q– 5 W&WWM G— M$ 5$ H W / W W $ $ 5 MS– – – u && N –H$ (Q– "

u S– – – u && N –H$ (Q– –& –H 5 W q H WWKQ— W 5 XX $ / – $–Q– y

tM u – G H $ M& X&& $ –H W 3 —d G M& Q M X&& –H $ – M $ M& X&& / MM —$ / W $Q–X MQ– 5 H G – $& W q H tM E $&$ MK(– r QM G H $–H$ W S– – – u && Q— W S– – – u && S– $–Q– $5 W &XM$Q M$ / MG$$ 5 W $ – W – 5 WWKG M HdM W $Q– 5 &W$ M&d u u u u MM G 2h L E H d – –&$ –X"

tGr u – G H $ M& X&& $ –H W 3 — G M – $ W WM ME $&$ MK(– QM G H $–H$ W S– – – u && Q— W S– – – u && S– $–Q– $5 W &XM$Q M$ / MG$$ 5 W $ – W – 5 WWKG M HdM W $Q– 5 &W$ M&d u u u u MM G 2h L E H d – –&$ –X" t&r u & H$$ MX$ – &MGX X – 5&–H$ $ –H W 3 — G MGM%QM G H– $–H$ W S– – –u && Q— W S– – –u && S– $–Q– $5 W $ – W – 5 $ M–HdM W $Q– 5 &W $ M&dMXM uu G 2h L" 3W X – 5&–H$ WX&G– MMGX $ – Q –HM – – M$ G W G– –5$&M 5 M $/ W H M5 M&& Q M$–H G $ & 5&M– WM $ W W XH $ 5$&$– 5 H QM%–M – $–H MQ– 5 $ &$ MX $ – – W G H" 3 W H M WX&G– MMGX W HM 5 – – M$ 5 W $/ W H M5" 3 W X – 5&–H$ WX&G 5 M – Q 5 X WM W— –M" 3 W $ – 5 W X – 5&–H$ WX&X G– – $–H $5 W u / – & M H W 3 —d XM– WM i s Q W $ W M– – $ M$ HM– 5 W X – 5&–H$ dM W W &W– $ M$ HM– WX&G– – – H–HdMH$5 d WX&$ H$&M– W – – $ M$ HM–"

(5 &W $&– $ H$&M– WM W – $ M$ HM– WX&X G– – – H–Hd W u / – & WX&H– $ $ W S– – –u && M MQ 5$&$– &M – W &MW – Q$ –H$ – Q– H– $ $ W S– – –u && / – W $WM W M$5 $ / &–H$ $ Q– d – MX W S– – –u && S– $–Q– MX MH$ / q H d &WH– $ G– M$H $ – MX$ M$Q– M X–M M –Q$aM MXGM$ – W –QM$ $ / – Q 5 W X – 5&–H$ d X W S– – –u && N –H$ (Q– $ – X&–H G MS– – –u && N –H$ (Q– Q— $ / W – $–Q– $ M 5 W 5 –/ $ / G –&$ tMat&r" 3 W X – 5&–H$ WX&X – Q$ MHM $ 5 XX X WM —% $ W – $ M$ – Q$ M$ 5 &W X – 5&–H$ $5 W X – 5&–H$ WM G— – X&–H – – –H' 3 W 3 — WX&HM W X – 5&–H$ $ $ – $ M$ – Q$ M$ X M M&&– MGX – X&–Q– $ $ X&– W S– – –u && $ 5 XX 5 H–H$ $ – $–HMQ "

tHr 3 W – 5 M S– – –u && N –H$ (Q– M W$ –&$ WX&G– G_& –&$ 5 M $ $ 5 & –XM W H – M W $ M$ d – –& $ d H–X$ – MH – 5 &–MGX 5 &W $ Q– $ M&& HM& W – Q d G_& M X$&MGX XM M5–&$ / &–H$ $/ W / – – MXX dMHd$ W – – W $ – 5 &W&–H$ $ Q– $ MH Q– $&– $ dM $ $ 5 5 –$/ & –X' (MHH$ $ d W – 5 M $ – &MGX X – 5&–H$ WX&G– G_& –&$ 5 M $ $ 5 & –X W –55–& WM MQ– H– &WX – 5&–H$ XH & $ –M $HMGX –5– – & H– 2–&$ cpP 5 W 4 "2" q M% & N H– QXM M–XM $WM $HMGX –5– – & $ $ $ W – – 5 W 5X / 5 M – $ $ 5 –X$–5 H– W 4 "2" q M% & N H– QXM M–XM G MM$ W $ – 5 W G H t M W M&& M H– W X – 5&–H$r"

t–r 3 W G$/ M$ –$QG – W $ – 5 MS– – –u && N –H$ (Q– 5 M 5—d – – – d&XM$Q HM &WS– – –u && N –H$ (Q– WX&G– G H$ M– W MQ– 5H–G – $&– W q H" 3 W $/ W 5 W $ – 5 MS– – –u && N –H$ (Q– MQ– –$QG –Q– 5 $ 5— MH– – – WX&G– G H$ M–H &MW – X $ WQ– 5 W S– – –u && dMHd G_& W –& H &&–H$ / – – &d $ $/ W –$QG –Q– 5 &XM$Q HM WX&G– M M$ $W W &M– – X $ WQ– 5 W S– – –u && " 3 W S– – –u && N –H$ (Q– WX&X $H 5 M– X $ / 5–M – H– W$&W W MQ MM$XMGX W – H– $XG –$ M–H W – – 5 M –$QG –Q– 5 H M &XM$Q M$H' (5 W – X $ / 5–M –$ – H–H – Q$ M–H 5 M –M d W $/ W 5 W $ – 5 W S– – – u && N –H$ (Q– –$QG –Q– $XG 5 W G H$ M–H &MW – X $ WQ– 5 W S– – – u && M MQ – MX W H$55– – & G— — W 5 XX $/ $ MXMQ MM$XMGX H– W S– – –u && N –H$ (Q– MH W MQ W MM$XMGX 5 5 W HM &XM$Q " (5 t$r W $ – 5 MS– – –u && N –H$ (Q– G & Q– $ X– t$r W $ – 5 MS– – –u && N –H$ (Q– H–5MX $ $ MQ– G$/ M$ W – H– d W G$/ M$ –$QG – W $ – 5 W S– – –u && N –H$ (Q– WX&G– G H$ M– W &MW – X $ WQ– 5 W S– – –u && "

t5r (5 W – X $ / –$ M–Q– 5–M – H– & $G H $ W –&–H$ / MM MW $ – H–H – Q$ M–Hd W u / – & WX&–$W tMH– $ $ W S– – –u && M MQ 5$&$– &M – W &MW L– Q$ –H (– Q– H– $ $ W S– – –u && – MX W S– – –u && S– $–Q– MX MH$ / q H d &WMQ G– M$H – W – $ / 5$ – –M $ – MX$ M$Q– H– $–HMXM –Q$a M MX tGr – X&– &W $ Q– $WM – G Hd $ M& X&& X – 5&–H$ Q— $ / W – $–Q– $ M 5 G –&$ tMat&r MG – W $ Q W 5 &W && – &" (W – – WM W $ – 5 W S– – –u && N –H$ (Q– H–5MX $ $ MQ– G$/ M$ W $ – 5 W S– – –u && N –H$ (Q– G & Q– $ X– d W u / – & WX&–$W t, r H– $ $ W S– – –u && M MQ 5$&$– &M – W &MW L– Q$ –H (– Q– H– $ $ W S– – –u && – MX W S– – – u && S– $–Q– MX MH$ / q H d &WMQ G– M$H – W – $ / –M $ – MX$ M$Q– M X–M MQ WX GM$ twr – X&– &W $ Q– $WM – G Hd $ M& X&& X – 5&–H$ Q— $ / W – $–Q– $ M 5 G –&$ tMat&r MG – W $ Q W 5 &W && – &"

t/r J W– M X&MGX–d W– MQ MM$XMGX– 5 HM &XM$Q H– W–S– – –u&& N –H$ (Q– QM G– –H &H G W– MQ 5 &MW L– Q$ –H (– Q– H– $–H $ W–S– – –u&& M &XM – tMl 5 W– –&–H$ / G MM M Wt5r"

tW 3 W– 3 — WXKM&– M$ W– –&– $ 5 M&XM$Q HM W–S– – –u&& N –H$ (Q– MH $H– $&– W–$ – 5 W–S– – –u&& N –H$ (Q– $ M&& HM&– W – Q XM– WM W—HM t &WX /– – $ H M QM G– –&– M H– – H$ / W– – Q$ –H $Q– – $ H 5 W $ / MHM H– W–S– – –u&& N –H$ (Q– r $ –M&W$ – – MQ– HM–" NMW H– $ $ W–S– – –u&& WXKG– –H t $ – Q– &WM–H $W &W&MW WXKG– X$ $HM–HMH W– &–H M X$–HM – $–H r $ M HM $ / M S– – –u&& N –H$ (Q– " (5MH W– – – WM Q – WM – S– – –u&& N –H$ (Q– $ H– $–H $ W–S– – –u&& d HM $ / W– – H– MH – MQ– 5& M &M–H W– – $W WXKG– QMH– M MMGM$ d&M&X M–HG –5– – &– W–QM$Q Q MQ MM$XMGX– W– – H– "

tcr F– – MKV – M$ / u&& t2I r" u 5– QM$ / W–H– $ –5– –H $ MM MW t, r W / W tpr MG – $ &WC$ &MK8 –Md W–3 — WXK M 5– W–u/– & 5 H– $ $ W–F– – MKV – M$ / u&& t2I r W W–S–H– –X Q– 2 –&MKC HMKQ – W– –QM$ $ / $ W–x –G 2– $&– MHS– – –C HdMH W–u/– & QM M X Q – $ W–F– – MKV – M$ / u&& t2I r M XM 5 X – 5 W–u/– & $W – –& W–L _–&"

Investment of Moneys in Funds and Accounts

E – $ W–N 5(M&–C HMH$ W–(– – u&& d W–L $ &$ MKu&& d W–3– Q q H 2$ %$ / u&& MH W–S– – –u&& W W–x –G 2– $&– MHS– – –C Hd W–J $ – S– – 5 W–u/– & d WXKG– $ – –HG W–3 — $ L– Q$ –H (– Q– " (5 &W$ &$ M– $H–Hd W– 3 — WXK$ – &W5 H H– &$G–H$ NXM –t–r 5 W–H–5$ $$ 5L– Q$ –H (– Q– " 3 W– G$/M$ $ W$&WQ – $ W–(– – u&& d W–L $ &$ MKu&& W–3– Q q H 2$ %$ / u&& M– $ – –H WXK QM – $ W–HM– W$&W &WQ – M– – $QM–H G– – $–H G– MH H– W–(H– –"

3 W– G$/M$ $ W$&WQ – $ W–2– $ x –G 2– $&– u&& W–q H x –G 2– $&– u&& W W–S–H– –X Q– 2 –&MKC HM– $ – –H WXK QM – $ W–HM– W$&W &WQ – M– – $QM–H G– – $–H G– MH H– W–(H– –" E – $ W–F– – MKV – M$ / u&& t2I r W– 2– $– wssfq q HL &–H u&& W W–S–H– –X Q– 2 –&MKC HQM G–$ – –HG W–u/– & $ M $ – Q– – Q$ –HG XM"

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Covenants of the Agency

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q % MH u && Ou MXu H$–HC$ M&$MX2 M–Q– " 3 W- u / – & $XX%– – G % 5 –& H MH M&& t MH d M W- x –G 2– $&- MH S– – – C H d WXX&M – W- 3 — %– – G % 5 –& H MH M&& r d – MM– 5 Q MXX W- –& H MH M&& 5 W- u / – & W- 3 —d M W- &M– QM G- d $ W$&W & Q X– – MH & –& – $- WXXG- QMH- 5 MXX M M&$ –XM$ / W- L _& MH W- S–H- –X Q– 2 –&$MX C H' 2 &WG % 5 –& H MH M&& WXX M MXX $Q– H $ / G $ – W G– G_& W- $ –&$ 5 W- 3 — t W WXXWM– H G$/M$ $ –& r 5 W- V – 5 X- WM – – &- t, s T r 5 W- M/ –/ M– MQ 5 q H V G$/M$ W- $ – – – M$ – M W $ –H$ $$ / "

3 W- u / – & $XX – M– MH 5$X- $ W W- 3 — M MXX M M M&$$MGX- d G $ M – – XM– WM W H –H – – t w P s r H M M5– W- &X – 5 –M&WC$ &MX8 –M d X / M M q H M– V MH$ / d M MH$–H5$ M&$MX M–Q– 5 W- u / – & 5 W- –&-H$ / C$ &MX8 –M – M–H G M (H- – H- N– $$–H L G$&& u && M d W$&W MH$–H 5$ M&$MX M–Q– WXX$ &XH- M M–Q– M W- QM – MH– – W$&W W- u / – & WM & Q X$–H $ W W- $ $ 5 W- (H- – M $ –XM– W- 5 H MH M&& – MG$ W H M W- (H- –"

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C$ M&$ / W L _–&” 3 W u/– & $XX& QQ– &– W 5$ M&$ / –5$ M&$ / 5 W & 5 W L _–& G–M$H–H $W W &–H 5 W q H $WMXX M&$&MGX–H$ M&WdMH &W 5$ M&$ / $XXG–M&& Q X$ W H MH & Q X –H$ M H–l–& Q$&MXMH– –H$$ QM – MH$ & 5 Q$ $W W S–H– –X Q– LXM MH W zM M & Q X– M$H 5$ M&$ / –5$ M&$ / M M $GX”

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x$ $$ 5 L – $ L _–& u –M” 3 W u/– & $XX d – &– M W $– $H–H $ W (H– –d M W $ – W H$ $$ 5 M –MX – $ W L _–& u –M M – W$&W $XX – X $ &W – G–& Q$ / – –Q 5 Q MM$ G–&M – 5 GX$& – W$ – W $ – t– &– 5 GX$& – W$ – & –Q XM–HG W M X$&MGX S–H– –X Q– LXM $ –55–& W HM– 5 MH $ 5 W (H– –d – G– –H 5 GX$& — GX$& 55a — M%$ / 5M&X $– –M–Q– $/W 5 M 5 GX$& X $– d W QXM – r $5 &W H$ $$ d /– W $WMXX QXM $ H$ $$ G– – W –55–& $ – HM– 5 W (H– –d WWXX& Q $– Q – WM – – &– t, sTr 5 W M – –H MXM$ tM W W Q –&– – M$ M$ M – Q– XX 5 W N r $ W L _–& u –M” (5 W u/– & – QM%–M &W H$ $$ W$&Wd /– W $WMXX QXM H$ $$ G– – W –55–& $ – HM– 5 W (H– –d WWXX& Q $– Q – WM – – &– t, sTr 5 W M – –H MXM$ tM W W Q –&– – M$ M$ M – Q– XX 5 W N r $ W L _–& u –Md $ WWXX&M – G– 5$X H $W W 3 — MN XM S– W –55–& 5 &W –HH$ $$ ” (5 W N XM S– & &XH– WM q HWXH– –& $ $XX G– QM– $MXX $Q M$ –HG &W –HH$ $$ d W u/– & QM &–H $W &W –HH$ $$ ” (5 W N XM S– & &XH– WM 3 M (&–Q– $XXG– QM– $MXX –H &–HG &W –HH$ $$ d W u/– & WWXXM M& H$ $ –&–H– &–H$ / $W &W –HH$ $$ d – $– WM &W – – – –$ W y

t, r LM W 3 —d X / M M 5 W q H M– V MH$ /dM MQ – MX W MQ WM XH WM– G— –&–$ –HG W u/– & M 3 M (&–Q– S– – – $5 &W – – – M – –HMH M–H $ W MQ– QM – M $ M–Xa –H a– –Q – d W$&W MQ– WWXXG– QMH– W W$ tisr HM M5– M– 5 –M&W –M XH G–& Q– MMGX W M$ / M– &$– 5 a– –Q – MH $ M – – $ W H–X$ – & HM– 5 &W M– – MG$ W H G XM O

twr LM W 3 — M $ / X– Q – MX W MQ – $QM–HG M (H– – H– S–H– –X Q– N XM G– –&–$ MGX 5 Q M– &W – 5 Q W HM– 5 &W MQ– W XM QM $ HM– 5 MXXV MH$ / q H d X– M –M MGX H$ & MX–”

u XX &W MQ– W-3 —$ X$- 5 M– WXXG- –M-H M 3M (&-Q– S– – – MH WXXG- H- $-HG W-3 —$ W-S-H- –X Q– 2 –&$MXC H'

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C W- u M&-" 3W-u/–& $XX MH d QM‰d – –& – MH H-X$ – M MH MXX &W 5 W- – X $ d$ Q– MH M M&- M QM G- –M MGX –& M – &M W- $ – $ 5M&$$M- W- – 5 QM& 5 W-(H- –d MH 5 W-G- – M $ / MH & 5Q / W-V – 5 W-q H 5 W- $/W MHG- –5$ $H-H$ W-(H- –"

x – $/ M$ 5 W-2 – $- wssfq q H M k M$$$-H 3 MaI –Q VG$/M$ MHI &- $ 5 Q S-GM- S– $-Q– " 3 W-F – $ / q MH 5 W-u/–& 5$ H WM $ –M MGX – –& WM W- MQ 5 Ma– –Q G$/M$ W$&WM-G-$ / MH $XXG-$ –HG W-u/–& d G M W- – $ G-WM$ 5 W-u/–& d$ &MX- HM –M wssf $XX – &-H . cd$ssd$ssd MH H- $/ M- W-2 – $- wssfq q H M M$$$-H Ma– –Q G$/M$ 5 – 5 2–&$ woctGrtirtqr 5 W-N H-d MH W-NWM$ 5 W-F – $ / q MH MH W- I –& $ – x $–& d –$W- 5 W-Q d M- M W $–H – –& – MH H-X$ – M M $M-&- $$$&M$ W$ –55-& G-WM$ 5 W-u/–& " C – 5 W- –&-H$ / – – &-d W-u/–& – –& G- –X$- –H 5 W- G$/M$ M W-S-GM-S– $-Q– GM-H W- QMXX$ – – &- $ 5 2–&$, pj t5rtprtx r 5 W- N H-"

3M N – M OS-GM- C H' 3W-u/–& & – M WM $ $XX M‰M M&$ d 5M$X M‰M M&$ d$5M &WM&$ 5M$X – M‰M&$ XH MH – –X M5-& W- – &X $ 5 Q / $ &Q– 5 W- $ – – M 5 W-2 – $- wssfq q H H- 2–&$, si 5 W-N H-" 3W-u/–& $XX H$-&X $ H$-&X – – Q$ W- – 5M &-H 5 W-2 – $- wssfq q H M W-5 H 5 W-u/–& d M‰ Q$ M‰M M&$ d WM XH &M – M 5 W-2 – $- wssfq q H G- $M- M&$ $ G H $M- XM G H W W-Q–M$ / 52–&$, p, 5 W-N H-d MG$ M-G H W W-Q–M$ / 52–&$, pj tMI 5 W-N H-d G- 5-H- MXX / MM —H W W-Q–M$ / 5 2–&$, pftGr 5 W-N H-" 3 WM – HI W- u/–& $XX&Q X $WMXX – $-Q– 52–&$, pj 5 W-N H- W- – – M X$&MGX- M 5 W-2 – $- wssfq q H"

J $W X$Q$$ / W-/ – – M$ 5 W-5 –/ $ / d W-u/–& M — WM W- – WXXG- M$H 5 Q $Q– $Q– MXXMQ – $-H G- –GM-H W-4 $-H 2M- M 2–&$, pj t5r 5 W-N H- MH M –Q M d –H 5$ MXS–/ XM$ M QM G- M X$&MGX- M – $- 5q H 5 Q $Q– $Q–" (W- – – WM MM $Q– W-u/–& $ 5 W- $ $ WM 5 – 5 W$ –&$ $ $ –& M – $& X$Q$ W- $-XH W-$ – Q– 5M Q – W-XHG W-3 — H- W-(H- –d W-u/–& WXX $ & W- 3 —$ $$ / d MH W-3 — WXX M‰ &WM&$ M QM G- –&- M $ M&& HM&- $W &W$ &$ "

L M W-5 –/ $ / MH M –&$-H$ W-3M N- $$$&M-d W-u/–& – –& WM W-2 – $- wssfq q H M- MH $XX –QM$ – –Q 5 Q M S-GM- S– $-Q– G$/M$ " (W- – – 5 M –M WM W- u/–& $ XM- MH $-HG q HN –X WM $ QM G- G$/M-H M W-S-GM-S– $-Q– d W-u/–& WXX

$ & W 3 —$ $$/ – MG$ WMH W 3 — WXK W – – MG$ WMH QM$ M$ M5 H – MM 5 Q M W 5 H – MG$ W H MH QM$ M$ –H H W (H – H $/ M H M W S–GM C H' D $W MH$/ M W $$ 5 W (H – W & M dMKMQ H $–H$ H $$ W S–GM C H WXKG / – –HG W$ –&$ MHG W 3 M N– $$&M t W&W$ $& M H$ W (H –G –5– – &r" 3 W u/– & WXK&M – G H $–H$ W S–GM C H W S–GM S– $–Q– M $H H$ W 3 M N– $$&M" 2 G_& W $$ 5 W (H –dMKQ – MM $Q– H $–H$ W S–GM C H WXK G W H G W 3 —$ 5 MQ– W 5 H MK/ – Q– 5 W 4 $–H 2 M 5u Q– $&M 3 W u/– & MH W V – WXKWM– $/ W $ &XMQ &WQ – "

4 W $ – H$–&$ 5 W u/– & d W 3 — WXK$ – MKMQ W H $ W S–GM C H$ L– Q$ –H(– Q– d G_& W – $&$ – 5 W$ W 3 M N– $$&M"

4 –&$ 5 W S–GM (&$ – $–H G H $– –H W 3 — G W 3 M N– $$&M d W 3 — WXK –Q$ M MK 5 W GMM& W H $ W S–GM C H W 5 H MK/ – Q– 5 W 4 $–H 2 M 5u Q– $&M M H$–&–H' (MH $$ d$ W S–GM (&$ H$–& d W 3 — WXK H $ Q – $ M 5 Q – 5 W S–GM C H 5 Q $ &WM&& 5 H M W S–GM (&$ H$–&" u 5 H –QM$ $/ $ W S–GM C H M – –H Q $ MH MQ– 5 &W – $ 5q H MH MQ– 5 M – $–H –GM MQ d $$ QM H W –5 – M$ 5M& W 3 —d WXKG $W H M MH –Q$ –H W u/– & "

3 W 3 — WXKWM– G$/ M$ M M MQ – $–H G –Q$ –H M W (H –d W WM 5 Q Q – W H $ W 5 H MH M&& &–M H H W (H – 5 Q W Q – $H H $ G W u/– & "

3 W 3 — WXK & &X $–X G H–Q–H WM– & Q X$ H $W W $$ 5 W (H – $5 $ 5 XX W H$–&$ 5 W u/– & – 5 W$ W S–GM (&$ dMH WXK G – $–H M‰M M&$ W – H $ W MG – & 5S–GM (&$ 5 Q W u/– & "

D $W MH$/ M W $$ 5 W (H –d W G$/ M$ 5 W u/– & –Q$ &M – G –Q$ –HM – $–H –GM MQ W 4 $–H 2 M / – Q– MH & Q X $WMK W – $–Q– 5 W (H – MH W 3 M N– $$&M WXK $ – W H 5 MM& MQ– $ 5 XX 5 &W – $ 5q H"

D $W MH$/ M $$ 5 W (H – W & M d$5 W u/– & WXK $H W 3 — M $$ 5q HN –X W –55 & WM M M&$ – $–H H W (H – $ X /– – $–Hd WM Q– 5 W H$5– – M&$ $ – $–Hd QM$ M$ W – &X $ 5 Q 5 H MK/ $ & Q– 5 W $ – – W 2– $ wssfq q H M W N H d W 3 — MH W u/– & QM & &X $–X –X &W $$ $ & Q X$ / $W W $$ $ W (H –dMH W $$ W – 5 WXKG H–Q–H G Q H$$ H WM – – "

D W$ / & M$ –H$ W (H – WXKG & –HM W G$ $/ W $ M& 5M – $ 5q H W $ – – W&W$ – &X HMGX 5 Q / $ & Q– H 2–&$,si 5 W N H d $H Hd WM &W – $ 5 q H QM G $ –HMH W &–H W – 5 –H $W $ XM$ / M 5 W & – M $ W (H – M W QM M X M W – $ 5q H"

The Trustee

<u>u $ Q– MH u&& M& 5x $</u>" 3 W 3 — M&& MH M — W &–M H G W (H – MK 5 W&W W u/– & M — MH W – –&$ – V – 5 W q H d G W$ &WM– MH M&& M& W – 5dM —"

<u>x $ d(QQ $$ MH z MGX 53 —</u>"

tM 3 W 3 — WXK $ M I – 5 x –5MX d MH M – W & $/ M$ – 5 MKI – 5 x –5MX W&WQM WM– && –Hd – 5 Q &WH $ MH X &WH $ M M –&$$&MK – 5 W$ W (H –dMH $Q X$ H H $ G$/ M$ WXKG –MH $ W (H – MM$ W 3 —" 3 W 3 —

WWXXH $ / W– $ – & 5M I – 5x–5MXt W&WWM G— & –H M$–Hd– –&$– &W 5 W $/W
MH – – –H$ $ G W(H– –dMH – W MQ–H/ — 5&M–MH %XX W$ – –&$– M M–M MGX
$ H$ $H MX XH– – &$– – H– W&$& Q M& $ W& H & 5W$ M5M$ ”

tGr 3W u/– & QMd$ W MG – & 5 M I – 5x–5MXdMH –&$ 5M $ Q–
& & – $ Q– $ $$/ $/ –HG W V – 5 X WM MQM $ $ M/ –/M– $ &$ MXMQ 5
W q H W V MH$ /t W$ M – H X M W $–H$ $$/r $5MM $Q– W 3 — WWXX&M–
G– –X$/$GX $ M&& HM& $W G–&$ t–r G X d WWXXG & Q– $ &MMGX 5M&$/d WWXX& QQ– & M&M–
H M GM% & d$ X– & QXM XM d M–&$– 5 W 3 — 5$ – WWXXG M $ –Hd
M GX$& 5$$&– WWXX M% & X &WM/– 5 W 3 — $ – M5M$ 5 W – 5
–WMGXM$ d& – M$ X$ HM d WWXXI –Q – W 3 — G /$ $/ $ – $&– 5 &W –Q MX W
3 —dMH W – W u/– & WWXX Q X M $ M && 3 — G M $ Q– $ $$/”

t&r 3W 3 — QMd G–& tHr G X d – $/ G /$ $/ $ – $&– 5 &W – $/ M$ W
u/– & MHG /$ $/ $&– 5 &W – $/ M$ G QM$X15$ &XM M– – M$Hd W V – M W MHH– –
X$ –H $ W q H S–/$ – ” 4 –&$ $/ &W $&– 5 – $/ M$ d W u/– & WWXX Q X M $ M
&& 3 — G M $ Q– $ $$/”

tHr u –Q MX – $/ M$ 5 W 3 — MHM $ Q– 5M && 3 — WWXXG & Q–
–55–&$ – X M&& M& 5 M $ Q– G W && 3 —” (5 && 3 — WWXXWM– G—
M $ –H MH WWXXWM– M&& –H M $ Q– W W$ tisr HM 5 /$ $/ $&– 5 –Q MX $&– 5
– $/ M$ M M5 – M$Hd W – $/ $ / 3 — M V – t GWW$ 5 W$Q –X$ MH MXX W V – r QM
– $$ M & 5 & Q – – H&$ 5 W M $ Q– 5 M && 3 — d MH &W & QM
W – dM5– &W $&– t$5M r M $ QM H–Q – dM $ &W && 3 —” u && 3 —
M $ –H H W (H– – WWXX $/ $5 $ M&& M& 5 &WM $ Q– G – –& $ / MHH–X$ – $/ W
u/– & MH $ –H& 3 — M $ – M&& M& W – 5dMH W – &W && 3 —d $W
M 5 W M&dH–H & – M& d WWXXG & Q– – –H $WMXX W Q – d– M d – $ d $/ W d – d
dH $– MH GX$/M$ 5 &W –H–& 3 —d WX%– –55–& M $5 $/ $ MXX MQ–H 3 — $ W
(H– –OG d – – WX dM W $ – – – 5 W u/– & 5 W && 3 —d &W –H–&
3 — WWXX– –& – MHH–X$ – M MHMXX$ Q– 5& – M& 5 W M M& MHH &W W
W$ / M QM –M MGX G – $–H 5 Q – 5 XX MH& M$ X – $ / $ MH& 5Q / &W &&
3 — MXX W $/ Wd $X MH $ – – 5 &W –H–& 3 — $ MH M – W XH G $ H– W
(H– – MH WWXX M – d M 5–dM $/ MHH–X$ – W && 3 — M Q – W –
G–& W MH& H$$ – 5 W$ W (H– –” 4 – – 5 W && 3 —d W u/– &
WWXX– –& – MHH–X$ – M MHMXX$ Q– M QM G –M MGX – $–H 5 Q – 5 XX MH& M$ X – $ /
$ MH& 5Q / &W && 3 — MXX &WQ – d– M d – $ d $/ W d – d dH $– MH
GX$/M$ ” 4 M&& M& 5 M $ Q– G M && 3 — M $H–H $ W (H– –d &W &&
3 — WWXXQM$XM $&– 5 W && $ 5 &W 3 — W H– W (H– – G 5$ &XM QM$XI
M– – M$Hd W V – M W $ MHH– – X$ –H $ W q HS–/$ – ”

t–r u 3 — M $ –H H W $$ 5 W (H– – WWXXG M & Q M GM%
WM$ / W – 5M & Q M dWM$ / M& M– 5$$&– $ NMX5 $MIWM$ / t $ W &M– 5MGM%
& Q M W$&W$ MQ–QG– 5MGM%WXH$ / & Q M –Qd W –XM–H GM%WXH$ / & Q M WWXX
WM–r M& QG$ –H &M$MXMH X 5 M X M 5$5 QX H XM t.csdsssdssrdMH G–& – $$
– MQ$ M$ G 5–H MX M– M W $ ” (5 &WGM%d & Q M GM%WXH$ / & Q M GX$ W M–
5 & H$$ M X M M MXd M XM W – $–Q– 5 M – $$ / – MQ$ $ / M W $
MG – –5– –H d W 5 W – 5 W$ G –&$ W & QG$ –H &M$MXMH X 5 &WGM%
& Q M WWXXG H–Q–H G $ & QG$ –H &M$MXMH X M – 5 W$ $ Q –& – 5& H$$
GX$ WH’ (&M– M M $Q– W 3 — WWXX&M– G– –X$/$GX $ M&& HM& $W W $$ 5 W$
G–&$ d W 3 — WWXX – $/ $QQ–H$M–X $ W QM – MH $WW –55–& –&$$–H $ W (H– –”

t5r D $$ $ W (H– – WWXX – $ – W 3 — $% – – H $ 5 H
W $ – $ & M 5$ M&MXXMGX $ W – 5 QM& 5M 5$ H $– H– W (H– –”

t/r (M&&– $ / W– &–M–HG W–(H– –d W–3 — M& XX M 3 — 5 W–V – MH $ $ $ H$ $H MK&M M&$ dMH H– &$ & Q M&– WWXK W–3 — G–X$MGX–$ $ $ H$ $H MK&M M&$ 5 W– GX$/ M$ – $H– &–HG W–q H"

tW 3 W–3 — QM% – – – M$ M M d– – $Q X$–H dM W–& Q X$M&– $W X/ MK – $–Q– 5 W– – & –Q XM–HG W–u / – & 5 W–5 H H– W–(H– –" 3 W–3 — $ – $GX–5 M 5 W– – – – M$ d M M $– & – M 5 W–u / – & H– W–(H– –"

t$r 3 W–3 — WWXK G– – $GX–5 W– –& H$ / 5X / 5 M H & Q– –XM$ / W– (H– – 5 5$ M&$ / M–Q– t & $ M$ M–Q– $ & –&$ W– – $W" 3 W–3 — WWXK G– H–Q–H WM– QMH– – – – M$ M W– –& $ M5 H–H W– G M W– MKH$ d 5$$&$– & $ $ 5 M &WH & Q– d& XXM– MK –& $ 5 W–q H"

t r 3 W–3 — WWXK G–H–Q–H WM– % XH/ – 5 M I – 5 x –5M X H– W–(H– – X– MH $XMS– $GX–V5$$&– WWXKWM– M& MK% XH/ – W– – 5 M W–3 — $ &$ MK& M– 5$$&–"

t%r 3 W–3 — WWXK G–M&& MGX–5 W– – M X$&M$ G W–u / – & M W– M 5 M 5 H W$&W W–3 — WM –XM–H H– W–(H– –"

tX 3 W–3 — WWXK $H–MQ WX M&& $ / 5 MKK C H W–XH M W–(H– – W– u / – & W 5$5— t, cr q $– x M M5– W– – H 5 &WQ WMH WWXK $H– M–Q– 5 M&& 5 –M&WM MK – $ HG–/ $ $ / u / w MH– H$ / u / , d W f s HM M5– W– – H 5 &W – $ H' 2 &W M&& $ / WWXK W $ –M MGX–H–M$XMKK5$ M&$MK M M&$ QMH– G W–3 — H $ / W– M&& $ / – $ HMH W–GMM& – $ M C H MHM&& &–M–HG W–3 — H– W–(H– –M 5 W–G–/ $ $ / MH &X – 5 &WM&& $ / – $ H'

tQr u XXQ – –&–$ –HG W–3 — WWXK $X –H M X$–H $ – –HM $H–H $ W– (H– –dG–W–XH$ 5 W– – 5 W$&W W– – – –&–$ –HG —H G– –/ –/M–H5 Q W–5 H – &– W– – – – $–HG XM"

t r 3 W– – Q$ $– $/ W 5 W–3 — H W$ / – Q– M–H $ W–(H– – WWXK G– & –HM MH X– –&$$–H$ W–(H– –"

t r 3 W–3 — QM M $ MHM& W / WM M– MH WWXK G– – $GX–5 M Q$ & H & –/ X$/ – &– 5 M &WM– M $ –H $WH – &M–"

t r 3 W–3 — QM% – – – M$ $W– –& M $ 5 QM$ d M–Q– d –&$ MK$ dMH WWXKWM– XMGX $W– –& dM 5$$&$MK M–Q– d 5$– $ / Q–Q MH Q M W– H$ &X – QM– $MK – M–H H$ $G –H $W– –& W–q H"

E – / – N XHM " u & Q M $ W$&W W–3 — QM G–Q– / –H & – –H $W W$&W $ QM G–& X$HM–H M & Q M – X$ / 5 Q M Q– / – d& – $ & XHM W$&W$ WWXKG–M M M & Q M W$&W W–3 — QM –XX M 5– MKK G M $MK MK 5$ & M– G $– d $H–H &W& Q M WWXKG– –X$/ $GX– H– W–(H– –d WWXK &&–H W– $/ W MH GX$/ M$ 5 &W 3 — $W W– – –& $ 5X / 5 M M– M 5 W– M&dM W$ / $ W–(H– – W– & M $W MH$ /"

L – – M$ MH(–&$ 5 x & Q– " u XXH & Q– –&–$ –HG W–3 — H– W– $ $ 5 W–(H– – WWXKG– – M$ –H$ $ – $ MH WWXKG– G–& M MK –M MGX– $Q– $ $&– W– $ –&$ 5 W–u / – & d W–V – 5 M X–M – a5$ – – &– twcTr 5 W–M/ –/M– $ &$ MKMQ 5 W– q H MH WWXKG– G–& M MK –M MGX– $Q– $ $&– W– $ –&$ 5 W–u / – & d W–V – 5 M X–M – a5$ – – &– twcTr 5 W– M/ –/M– $ &$ MK MQ 5 W– q H d MH W$ M– MH – – – M$ – H X M W $ –H$ $$ / dM –M MGX–W MH H– –M MGX–& H$ $ "

Amendment of the Indenture

Events of Default and Remedies of Owners

tHr (5 W u/– & WWXK5$X M –$$ M – —%$/ – /M$M$ M M/–Q– H W 5–H MXGM% & XM M W M X$&MGX XM 5 W 4 $–H2 M 5uQ–$&Md $5 M& 5&Q –– _ H&$ WWXKM –M–$$ d5$X H $W $W W & – 5 W u/– & d —%$/ – /MM H W 5–H MXGM% & XM M W M X$&MGX XM 5 W 4 $–H2 M 5uQ–$&Md $5d H W $$ 5M W XM 5 W –X$5 M$H 5H G dM & 5&Q –– _ H&$ WWXKM Q–& H & X 5 W u/– & 5 W WX M G M $MX M 5$ – O

W dMH$ –M&WMH–– &W&M–H $/ W & $ M& 5 &WI – 5x–5MXd W 3 —QMd MH W $– – – 5 W V – 5 X WM – a5$– – & twcTr$ M/ –/M–MQ 5q H VG$/M$ d WWXKG $&–$ $$/ W u/– & dH&M– W $&$ MX 5MXK 5 W q H W V MH$/dMH W $ –– M&& –H W – d G H–MH MMGX $QQ–H$M–XdMH M &WH&MM$ W MQ– WWXK G&Q–MH WWXKG $QQ–H$M–X H–MH MMGXdM W$/ $ W (H – $ W q H & M$–H W & M WMH/”

(5dMM $Q–M5– W $&$ MX 5 W q H WWXKWM–G— H&M–HH–MH MMGXdMHG5 –M _H/Q– H&—5 W MQ– 5 W Q – H– WWXKWM–G— GM$–H – ––Hd W u/– & WWXKH $ $WW 3 —M Q 5$$&$ M MX $&$ MX 5 W q H QM –H $ &WH&MM$ MHMXQM –H $ MXQ– 5$ –– t$5M r MX W q HdMH W –M MGX 5— MH– – – 5 W 3 —d$&XH$/ W – 5$ M – MHMH$ dMHM MHMX W H5MX % W 3 —t W WM$ W MQ– 5 $&$ MX 5MH$ –– W q H H–MH MMGX XXG –M 5 &WH&MM$ r WWXKWM–G— QMH / H & –H W M$5M&$ 5 W 3 — $$ H—Q–HG W 3 — G MH M WWXKWM–G— QMH W –5 d W dMH$ –– &W&M–d W V – 5MXM – a5$– – & twcTr$ M/ –/M–MQ 5q HVG$/M$ dG $– $& W u/– & MH W 3 —dQMd GWXK5 5 W V – 5MX 5 W q Hd –&$HMHM X &WH&MM$ MH$ & – – & ”D &W–&$ $ MHM XQ– WWXK– –H WWXKM5&M G– – H5MXd WWXKQM –WM M $/W – & – – W– ”

<u>u X$&M$ 5C H 4 u&&XM$</u> ” uXQ – $ W 5 H MHM&& $HH5 $ W (H – W HM– 5 W H&MM$ 5M&&XM$ G W 3 —M HH W (H –dMHMXD– 3M(&–Q– S– – – W –M5– –&$–HG W u/– & H W (H –d WWXKG M Q$–H W 3 — MH WWXKG M X$HG W 3 —$ W 5XX $/ H y

C$ d W MQ– 5 W & MH– – – 5 W 3 —d$5M d$ &M $/ W $$ 5 W (H –d$&XH$/ –M MGX &Q – M$ $ M– dM – MH& –XMH W W MQ– 5 W & MH– – – 5 W V – $ H/5 W H&MM$ 5 &W– – 5H5MXd$&XH$/ –M MGX &Q – M$ W$ M– dM – MH& –XO

2–& Hd –– M$ 5 W ––MXq HdMH W MQ $/ W – 5 W MQ 5 W MQ– $5 X M$MX M$Hd W –H W –5$55XX M$Hd W MQ– 5 W WXMQ W $/MH M$H W q H5 $–– MH $&$ MXd W –– W –H– $&$ MXM W M– 5$ –– W q HdMH$ &M– &WQ – WWXKG $ 5$$&$ M $ 5XX W WXMQ $/MH M$H W q Hd W W MQ– 5 &W$ ––d $&$ MXd MH$ –– –H– $&$ MX $W –5– – & $ $ MQ / &W$ ––d $&$ MXd MH$ –– –H– $&$ MXd MMGX W M/ –/M– 5 &W$ ––d $&$ MXd MH$ –– –H– $&$ MX'

<u>3 — S– –– q H –</u> ” 3 W 3 —$ $– &MGX M $ –HtMH W && $– – –&$– V – 5 W q HdG M$/MH $/ W MQ–d WWXKG & &X $–X H—Q–H WM– M $ –H W 3 —rM —MH –MHXM 5XM – a$ a5M& 5 W V – 5 W q H5 W – 5– – &$$/MH –& $/ W$ GWXK5 &W$/W MH–Q–H$ M QM G MM$XMGX &WV – H W $$ 5 W q Hd W (H –d W zM MHM X$&MGX $$ 5M W XM ”4 W && – & MH& $ M& 5 M I – 5x–5MX W &&M$ /$$/ $– M$/W$ W 3 — – –– W V – 5 W q Hd W 3 —$ $ H$&–$ QMdMH W $– – – 5 W V – 5 X WM – a5$– – & twcTr $ M/ –/M–MQ 5q HVG$/M$ W V MH$/dMH G$/ $HQ $$–H $ M$5M&$ W –5 d WWXKd &–H –& – 5 & $ $/W W $/W 5 &WV – G &WM $M– M&$ d $d QMHMQ W &–H$/ M$ WWXKH–QQ –55& MX –& MH– 5 & M &W $/WdMXM $ – $ d–$W 5 W –&$$&–5 QM& 5M & –M M —Q– & M$–H$ W (H –d $ M$H 5 W – –& $ 5M – / M –H$ W (H –d 5 W – 5 &Q– 5M W M $M–X/MX – $MGX

$/W –Q–H – –H$ W-3 — $ &WV – H- W-(H- –d W-zM M W- XM"u XX $/W 5 M&$ H- W-(H- – W-q H W- $–QM G- –& –HMH–5 &HG W-3 — $W W- – $ 5M 5 W-q H W- H &$ W– 5$ M &–H$ / –XM$ / W– dMHM &W $dM&$ &–H$ / $ $ –HG W-3 — WXKG-G /W$ W- MQ– 5 W-3 — 5 W-G– –5$ MH –&$ 5 MXK W-V – 5 &Wq H d G_& W- $$ 5 W-(H- –"

q H – x$–&$ 5L &–H$ / " u W$ / $ W-(H- – W- & M $W MH$ / d W- V – 5 MQM $ $ M/ –/M– $ &$ MKMQ 5 W-q H W- V MH$ / WXKWM– W- $/W d G M $ Q– & & – $ Q– $ $$ / – –& –H MH H–X$ – –H W-3 —d H$–& W-Q– W H 5 & H &$ / MXK –Q–H$MK &–H$ / M% G W-3 — H- W-(H- –O $H-Hd WM &WH$–&$ WXK G- W- $– WM $ M&& HM& $W XM MH W- $$ 5 W-(H- –d MH WM W-3 — WXKWM– W- $/W H–&X$ – 5 XK M &WH$–&$ W$&W$ W- $$ 5 W-3 — XHG- _ X –_H$&$MK q H – M$– &WH$–&$ "

zQM$ q H – S$/W 2 –" D V – 5M q H WXKWM– W- $/W $ $ – M $d M&$ &–H$ / M XM $ – $ d 5 W- –&$ – 5 &Q– 5 M $/W –Q–H H- W- (H- –d W-zM M W- M X$&MGX-XM $W– –& &Wq Hd X- t, r &WV – WXKWM– / $ – W-3 — $ – $& 5 W- && – & 5 M I – 5 x –5MXOtwr W-V – 5 X- WM – a5$ – – & twcT r $ M/ –/M– MQ 5 q H VG$/M$ W- V MH$ / WXKWM– QMH- $ – – – W- 3 — – – &$ – W- – / M –H(W-(H- – $ $ – &W $dM&$ &–H$ / $ $ MQ–O tir &WV – M$HV – WXKWM– – H- –H W-3 — –M MGX- $ H-Q $ MM$ W- & d– – – MH XMGX$$– G- $ & –H$ & Q X$M& $W &W– – OMHtpr W-3 — WXKWM– –5 –H Q$ –H & Q X $W &W– – 5 M – $ H 5 $ tosr HM M5– &W $ – – – WXKWM– G— –&$ –HG dMH M$H – H- 5$ H-Q $ WXKWM– G— QMH- d W-3 —"

2 &W $$$&M$ d – – d – H- 5$ H-Q $ MH –5 MK Q$ $ M– H–&XM–Hd $ – – &M–d G- & H$$ –&H- W- – – &$ – G M V – 5 q H 5 M –Q–H H- W-(H- – H- XM O$ G-$ / H- HMH$ – H-H WM – Q – V – 5 q H WXKWM– M $/W $ M QM – WM– – G W$ W$ M&$ M5–&dH$ G –_H$& W- –& $ 5 W-(H- – W- $/W 5 M W- V – 5 q H d – 5 & M $/W H- W-(H- –d W-zM W- M X$&MGX-XM $W– –& W-q H d– & $ W-QM – $H-H$ W-(H- –dMH WM MXK &–H$ / M XM $ – $ – 5 & M &W $/W WXK G- $ $ –HdWMH MH QM$ M$ –H$ W-QM – $H-H$ W-(H- – MH 5 W-G– –5$ MH –&$ 5 MXK V – 5 W-V MH$ / q H d G_& W- $$ 5 W-(H- –"

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Defeasance

Miscellaneous

u – – d& – dH-&XMM$ W $ Q– $$/ 5 W V – 5 M q H WXKG$ H MXK 5 –V – 5 &Wq H$ – –& 5 M W$/ H – 55–H G–H –G W u/– & $ / H5MWMH M&& HM&– W – $W

J M$ – 5 L– MKzMGX$ " D Q–QG– d 55$&– –Q X — 5 W u/– & WXKG– $ H$ $H MXK – MXK X$MGX 5 W MQ– 5 W $ – – $ &$ MK 5 W q H OG W$ / & M$ –H$ W (H– – WXK –X$– – M Q–QG– d 55$&– –Q X — 5 W u/– & 5 Q W – 5 QM&– 5 M 55$&$MKH $H–HG XM "

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C H MHu&& " u 5 H M&& – $–HG W (H– – G– – MG$ WHMHQM$ M$ –HG W u/– & W 3 —QM G– – MG$ WHMHQM$ M$ –H$ W M&& $ / –& H 5 W u/– & W 3 — –$W M M5 H M M&& dMHQMd5 W – 5 &W –& H dM MH$ W – 5 MH M – M–Q– $W – –& W – dG– –M–H–$W M M5 H M M M&& OG MXK &W –& H $W – –& MXK &W5 H MHM&& WXKMMXK$Q– G–QM$ M$ –H$ M&& HM&– $W HM&& $ / M&$&– MH $WH – –/MH5 W –&$ 5 W –& $ 5 W q H MH W $/W 5 W V – "

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APPENDIX B

CITY OF BAKERSFIELD
ECONOMIC, FINANCIAL, AND DEMOGRAPHIC INFORMATION

The Bonds of each series do not constitute a general obligation debt of the City and the City has not pledged its full faith and credit to the repayment of the Bonds of any series. The following information is presented for informational purposes only.

General

The City of Bakersfield (the "City") is located in Kern County, California (the "County"), at the southern end of the San Joaquin Valley, approximately 110 miles north of Los Angeles and 290 miles south of San Francisco. The City maintains an incorporated area of approximately 148 square miles, with an additional 170 square miles of land located within the City's sphere of influence.

The City is a regional center for industry, government, transportation, retail trade, medical services, and oil field operations. Major manufacturing activities include iron and steel fabrication, plastic foam products, food products, petroleum refining, and textiles. Bakersfield is one of the leading convention centers in the state and is the commercial hub of the County. As the County seat, it is the location of many county, state, and federal offices.

The metropolitan area has expanded considerably beyond the City limits. As of January 1, 2008, the estimated population of the County was 817,517 and the estimated population of the City was 328,692, according to the California Department of Finance.

City Government

The City was incorporated on January 11, 1898, under the general laws of the State. The City is a charter city with a council/manager form of government. The City Council is comprised of seven council members, elected by ward on a staggered basis for a term of four years. The mayor is directly elected for a four-year term. The council appoints the City Attorney and the City Manager, who also serves as the Executive Director of the Bakersfield Redevelopment Agency (the "Agency"). There are approximately 1,503 permanent City employees, including 199 general governmental employees, 290 public works employees, 58 employees who work in wastewater or water services, 184 firefighters, 20 civilians who work in fire protection, 352 police officers, 134 civilians who work with the police department, 103 employees who work in refuse collection, and 163 employees who work with culture and recreation services.

Investment Policy of the City

The City Council annually adopts and approves a policy with respect to the investment activities of the City and its related entities, including the Agency. Idle cash in all funds is pooled for investment purposes except tax-exempt bond proceeds, which are separated for arbitrage record keeping as required by federal tax law, and the Fireman's Relief and Pension Fund, which is administered separately by the City. The investment policy is intended to provide guidelines for the prudent investment of the City's temporary idle cash, and outline the policies for maximizing the efficiency of the City's cash management system. The ultimate goal is to enhance the economic status of the City while protecting the safety of its financial assets. The City's present investment policy (the "Investment Policy"), which was adopted by the City Council on December 17, 2008, pursuant to Resolution No. 212-08, as summarized below:

Introduction. The Investment Policy is intended to provide guidelines for the prudent investment of the City's temporary idle cash, and outline the policies for maximizing the efficiency of the City's cash management system. It is the policy of the City to invest public funds in a manner which will provide safety of principal and at least a market rate of return while meeting the daily cash flow demands of the City. Investments will conform to all statutes governing the investment of public funds.

The primary goals of this policy are:

- To assure compliance with all federal, State and local laws governing the investment of public funds under the control of the City Treasurer.

- To maintain the principal value of financial assets and ensure ample liquidity to meet operating expenditures.

- Within the constraints of safety and liquidity, and within the parameters of the Investment Policy, generate a market rate of return.

The ultimate goal is to enhance the economic status of the City while protecting the safety of its financial assets.

Scope. The Investment Policy applies to the investment activities of the City and related entities. Idle cash in all funds is pooled for investment purposes except tax exempt bond proceeds, which are separated for arbitrage record keeping as required by federal tax law, and the Firemen's Disability and Retirement Fund, which is administered separately under the City of Bakersfield Municipal Code Section 2.92.

Investments made on a pooled basis include moneys of the City, the Agency, and the Authority. The pooled funds are accounted for in the City's Comprehensive Annual Financial Report ("CAFR") and include:

0XX	General Funds
1XX	Special Revenue Funds
2XX	Debt Service Funds
3XX	Capital Project Funds
4XX	Enterprise Funds
5XX	Internal Service Funds
6XX	Fiduciary-Agency Funds
	Any new fund created, unless specifically exempted.

All debt issue proceeds will be invested in accordance with the associated trust indenture, and in such a manner that facilitates arbitrage rebate calculations.

Prudence. Investments shall be made in the context of the "prudent person" standard:

Investments shall be made with judgment and care, under circumstance then prevailing that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The prudent investment diversification for the City's temporary idle cash vs. the Firemen's Disability and Retirement Fund ("FDRF") is different. Up to 40% of the retirement fund may be invested in securities of a single agency of the four triple-A rated United States Government Agencies authorized in this policy. This exception to investment diversification among the highest quality securities is deemed prudent and necessary in order to increase the available options for keeping retirement funds fully invested at or above the six percent actuarial rate of return.

Objective. Criteria for selecting investments and the order of priority are:

- Safety - Safety of principal is the foremost objective of the investment program. The City only operates in those investments that are considered very safe. The City shall seek to preserve principal by mitigating the two types of risk, credit risk and market risk.

  - Credit Risk - Potential loss due to the failure of an issuer of a security.

  - Market Risk - Potential decrease in the value of securities due to changes in the general level of interest rates.

- Liquidity - Liquidity refers to the "ability to easily sell" at any moment in time with a minimal risk of losing some portion of principal and interest. Liquidity is an important investment quality should the need for cash occur unexpectedly.

- Yield -Yield is the potential dollar earnings an investment can provide and is sometimes described as the rate of return.

Delegation of Authority. In accordance with the City's Charter, Municipal Code, and subsequent resolutions, the City Treasurer is authorized to invest the City's funds in accordance with California Government Code Section 53600 et seq. The City Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Ethics and Conflicts of Interest. All officials involved with the City's investment program shall exercise their fiduciary responsibly as custodians of the public trust. The City Treasurer, or when appropriate the Treasury Supervisor, shall avoid any transactions that might impair public confidence in the City's ability to manage the investment of public funds in an effective manner. The City Treasurer, Treasury Supervisor, or any other official charged with the responsibility of making investment decisions, shall have no vested interest in any investment being made involving public funds of the City, and shall gain no financial benefit from such investment decisions.

Authorized Broker-Dealers and Banks. All financial institutions that desire to do business with the City shall be evaluated by the City Treasurer to determine if they are adequately capitalized, meet California Government Code requirements, and agree to abide by the conditions set forth in the Investment Policy. Whenever reasonable and in keeping with Government Code, investments are placed locally.

Broker-dealers are investigated to determine if there is pending legal action against the firm or the individual broker who would be the City's contact and that the firm offers securities appropriate to the City's needs. All broker-dealers, which may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15c3-1 (Uniform Net Capital Rule), who desire to become authorized bidders for City investment transactions must supply the City Treasurer with the following:

- Current audited financial statements
- Account authorization forms
- Proof of National Association of Securities Dealers certification
- Completed broker/dealer questionnaire
- Certification of having read and agreement to abide by the City of Bakersfield Investment Policy

All banks that desire to become authorized bidders for time certificates of deposit ("TCD") must be a qualified public depository as established by State law and supply the City Treasurer with the following:

- Current audited financial statements
- Depository contracts
- A copy of the latest Federal Deposit Insurance Corporation ("FDIC") call report
- Certification of having read and agreement to abide by the City of Bakersfield Investment Policy

Broker-dealer account authorizations and depository contracts will be executed by the City's Finance Director as required by City Charter. The City Treasurer will maintain a list of authorized broker-dealers and banks that are approved to do business with the City. An annual review of the financial condition of authorized financial institutions will be conducted by the City Treasurer.

Authorized and Suitable Investments. The City's investment program is governed by California Government Code Sections 53600 et seq. Within the context of these limitations, the following investments are authorized, as further limited herein (Single Asterisk * denotes term or percentage imposed by State statute; Double Asterisk ** denotes term or percentage utilized by the City, which is more restrictive than statute):

<u>United States Treasury Bills, Notes, and Bonds</u>

United State Treasury Bills, Notes, and Bonds are securities which have the full faith and credit of the United States pledged for payment of principal and interest. Although there is no percentage limitation of the dollar amount that can be invested in these categories, the "prudent person" standard shall apply. Maturities are limited to five* years from settlement date.

<u>*Treasury Bills ("T-Bills")*</u> are short-term debt obligations of the United States Government, issued weekly with maturities up to one year. T-Bills are considered to have virtually no credit risk and to be the most liquid short-term fixed income instrument. Prices on T-Bills are quoted on a discount basis. The difference between the discount price and the full face value paid at maturity equals the total return.

<u>*Treasury Notes ("T-Notes")*</u> are initially issued by the auction process with two, five and ten year maturities. T-Notes like Bills have virtually no credit risk and have liquidity through an active secondary market. T-Notes are issued at Par ($1,000) with a coupon or fixed rate of interest. The price or market value will fluctuate above or below par depending on the coupon rate and whether interest rates are rising or falling. T-Notes mature at par.

<u>Treasury Bonds ("T-Bonds")</u> are initially issued by the auction process with thirty year maturities and have characteristics similar to T-Notes.

<u>United States Government Agencies</u>

United States Government agencies include the Federal Farm Credit Bank System ("FFCB"), the Federal Home Loan Bank ("FHLB"), the Federal Home Loan Mortgage Corporation ("FHLMC"), and the Federal National Mortgage Association ("FNMA"). Government agencies issue debt in the form of discount notes, much like T-Bills, and notes and bonds similar to T-Notes and T-Bonds. While agency debt is not a direct obligation of the U.S. government, it is rated AAA, the highest rating. At the time of purchase no more than 20%** of the portfolio may be invested in any single agency name. Maturities are limited to five* years from settlement date.

<u>Bankers Acceptance</u>

Bankers Acceptance ("BA") is a time draft or bill of exchange, issued from a letter of credit, and is normally used to finance international trade. When the accepting bank stamps "accepted" on the draft the bank guarantees payment of the draft at a specified future date and thereby creates an acceptance. BA's are considered extremely safe in that there has never been a default on a BA. BA's trade on a discount basis and may not exceed 180* days to maturity. No more than 10%** of the portfolio may be invested in BA's issued by any one bank. No more than 40%* of the portfolio may be invested in this-category. Eligible BA's are those issued by banks with a short term debt rating of at least A-1 ** by Standard & Poor's Ratings Services ("S&P") or P-1 ** by Moody's Investors Service, Inc. ("Moody's").

<u>Commercial Paper</u>

Commercial Paper ("CP") is a short-term promissory note. CP is sold on a discount basis. The maximum maturity is 270 days with most issued in the 30-50 day maturity range. Eligible CP is "prime" quality ranked A-1 by S&P or P-1 by Moody's. CP is issued by domestic corporations having assets in excess of $500 million and having an A or higher rating on its debt, other than CP, as provided by S&P or Moody's. Purchases of eligible CP may not exceed 270* days to maturity. No more than 10%* of the portfolio may be invested in CP issued by any one corporation. No more than 25%* of the portfolio may be invested in this category.

<u>Repurchase Agreements</u>

Repurchase Agreements, commonly called "Repos," consist of two simultaneous transactions. One is the purchase of securities by an investor (City) from a bank or dealer. The other is the commitment by the bank or dealer to repurchase the securities at the same price plus interest at some mutually agreed future date. Normally the securities are U.S. Treasury notes or bonds and are held by a Federal Reserve Bank. Repos can be done with banks or dealers with which the City has entered into a master repurchase contract that specifies terms and conditions of repurchase agreements. The maturity of Repos shall not exceed 90** days. No more than 30%** of the portfolio may be invested in this category.

<u>Local Agency Investment Fund</u>

Local Agency Investment Fund ("LAIF") is a State-managed investment pool for local agencies within the State. Investments may be up to the maximum permitted by State law or 40%** of the portfolio whichever is less. Due diligence will be exercised in monitoring the performance of LAIF on a continual basis.

Time Certificates of Deposit

TCD's are similar to a savings certificate that anyone can purchase at a bank where there is a fixed rate of interest and a specified maturity date. In the public funds area, TCD's are collateralized in accordance with California Government Code and are non-negotiable. At the time of purchase no more than l0%** of the portfolio may be in TCD's of any one institution. Maturity is limited to five* years. No more than 40%** of the portfolio may be invested in this category. Section 53652 of the California Government Code also specifies that the City will have a deposit contract with each depository.

Public Agency Savings Account - Demand Deposits

Public Agency Savings Account - Demand Deposits are similar to a savings account that anyone can open at a bank. The interest rate is specified at the time of deposit, but is subject to change. All funds can be withdrawn on demand. Like public TCD's, public agency savings accounts are collateralized in accordance with California Government Code requirements. No more than 30%** of the portfolio may be invested in this category.

Mutual Funds

Mutual Funds are money market funds meeting criteria prescribed in California Government Code Section 53601 and related legislation. Investment in this category is limited to funds that invest in United States Government Securities and maintain a net asset value of one (daily liquidity). The purchase price of shares shall not include any commission that these companies may charge. No more than 10%* of the portfolio may be invested in the shares of any one mutual fund. No more than 20%* of the portfolio may be invested in this category. Mutual funds are used for the investment of bond proceeds subject to arbitrage reporting. Due diligence will be exercised in the selection and performance monitoring of mutual funds on a continual basis.

City of Bakersfield
Summary of Maximum Percent and Term Limitations
By Investment Type:

	Percent	**Term**
U.S. Treasury Bills, Notes and Bonds	0 to 100%	5 Years
U.S. Government Agency Obligations	20% per agency	5 Years
Bankers Acceptances (1)	40% (2)	180 Days
Commercial Paper (3)	25% (2)	270 Days
Repurchase Agreements	30%	90 Days
Local Agency Investment Fund	40%	N/A
Time Certificates of Deposit	40% (2)	5 Years
Public Agency Demand Accounts	30%	N/A
Mutual Funds	20% (2)	N/A

(1) Short-term debt rating of at least A-1 by S&P or P-1 by Moody's.
(2) No more than 10% of the portfolio may be invested in any one entity from these categories.
(3) A-1 S&P rating or P-1 Moody's rating.

Should any investment percentage and portfolio limitation be exceeded due to the unexpected fluctuation in portfolio size, the affected securities may be held to avoid losses. When market values are such that no loss is indicated, the City Treasurer shall consider restructuring the portfolio basing the decision in part on the expected length of time the portfolio will be imbalanced.

Any State legislative action that further restricts allowable maturities, investment type, or percentage allocations, will be incorporated into the Investment Policy and supersede any and all previous applicable language.

Unauthorized Investments. Ineligible investments are those that are not described in the Investment Policy, including but not limited to, negotiable time certificates of deposit, non-government agency medium term corporate notes, and reverse repurchase agreements.

Collateralization. Collateralization will be required on two types of investments, time certificates of deposit and repurchase agreements. Investment in time certificates of deposit shall be insured up to $100,000 by the FDIC. Investments in time certificates of deposit in excess of $100,000 shall be properly collateralized. When a depository pledges government securities as collateral, section 53652 of the California Government Code requires the securities to have a market value of at least 10% in excess of the City's deposit or 50% in excess of the City's deposit when mortgages are pledged as collateral. Repo collateralization will be at least 102% of market value of principal and accrued interest.

Safekeeping and Custody. All security transactions entered into by the City shall be conducted on a delivery versus-payment ("DVP") basis. Securities shall be delivered to the City by book entry, physical delivery or by third party custodial agreement.

Diversification. To reduce credit and market risk in the overall portfolio, the City will diversify its investments by security type, maturity date and issuer. With the exception of U.S. Treasury securities, diversification is also achieved by the portfolio percentages and maturity limitations indicated in the "Authorized and Suitable Investments" section of the Investment Policy.

Maximum Maturities. To the extent possible, and within the five year maximum maturity required by California Government Code, the City will attempt to match investment maturities with anticipated cash flow requirements.

As required by California Government Code Section 53601, any investment term longer than five years requires express authority by the City Council to make that investment. This authority must be granted no less than three months prior to making the investment. Investments with terms longer than five years will be limited to the lesser of $10 million or 10% of the portfolio at the time the investment is made.

Internal Control. Investment transactions are reviewed by the City's external auditor as part of the annual audit. This review verifies compliance with the Investment Policy and the California Government Code.

Performance Standards. The cash management system is designed to accurately monitor and forecast expenditures and revenues, thus ensuring the investment of moneys to the fullest extent possible, including the estimated float for the Active Account and the Payroll Account. The City attempts to obtain the highest interest yields possible as long as investments meet the criteria required for safety and liquidity, do not exceed a term of five years (unless otherwise authorized by the City Council) and are within portfolio percentage limitations.

The City strives to maintain the level of investment of all funds as near 100% as possible through daily and projected cash flow determinations. The basic premise underlying the Investment Policy is, and will continue to be, to ensure that the money is always safe and available when needed.

Because the investment portfolio is designed to operate on a "hold-to-maturity" premise (or passive investment style) and because of the safety, liquidity, and yield priorities, the benchmark that will be used by the City Treasurer to determine whether market yields are being achieved shall be the yield on the U.S. Treasury Bill or Note maturing closest to the weighted average maturity of the City's overall portfolio.

Reporting. The City Treasurer shall provide the City Council monthly investment reports which provide a clear picture of the status of the current investment portfolio. The monthly investment report shall include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category
- Final maturity of all investments listed
- Coupon, discount, or earnings rate
- Par value and market value
- Transactions completed during the month
- Percentage of the portfolio represented by each investment category

Investment Policy Adoption. The Investment Policy shall be reviewed annually by City staff and adopted by resolution of the City Council.

Indemnification of Investment Officials. The standard of care to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. The City Treasurer and his designees acting in accordance with established procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Tax Levies and Delinquencies; Assessed Valuation of Taxable Property

The County Tax Collector collects *ad valorem* property tax levies representing taxes levied for each fiscal year on taxable real and personal property that is situated in the County as of the preceding March 1. Unsecured taxes are assessed and payable on March 1 and become delinquent August 31, in the next fiscal year. Accordingly, unsecured taxes are levied at the rate applicable to the fiscal year preceding the one in which they are paid.

One half of the secured tax levy is due November 1 and becomes delinquent December 10; the second installment is due February 1 and becomes delinquent April 10. A 10% penalty is added to any late installment.

Property owners may redeem property upon payment of delinquent taxes and penalties. Tax-delinquent properties are subject to a redemption penalty of 1.5% of the delinquent amount every month commencing on July 1 following the date on which the property became tax-delinquent. Properties may be redeemed under an installment plan by paying current taxes, plus 20% of delinquent taxes each year for five years, with interest accruing at 1.5% per month on the unpaid balance. If no payments have been made on delinquent taxes at the end of five fiscal years, the property is deeded to the State. Such property may thereafter be conveyed to the County Tax Collector as provided by law.

The table below summarizes the City's property tax levies and total collections for fiscal years 2003-04 through 2007-08.

City of Bakersfield
Property Tax Levies and Collections [1]
(Fiscal Years 2003-04through 2007-08)

Fiscal Year	Total Tax Levy	Total Tax Collections	Percent of Levy Collected
2003-04	$22,792,274	$23,926,768	105.0%
2004-05	25,401,358	27,692,409	109.0
2005-06	29,296,719	32,631,424	111.4
2006-07	35,419,513	39,306,956	111.0
2007-08	40,762,449	44,725,649	109.7

(1) Excludes redevelopment tax increment.
Source: City of Bakersfield Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2008.

The table below summarizes the assessed value of taxable property in the City for fiscal years 2003-04 through 2007-08.

City of Bakersfield
Assessed Value of Taxable Property
(Fiscal Years 2003-04 through 2007-08)

Fiscal Year	Residential - Secured	Commercial - Secured	Other - Secured	Unsecured	Less Tax-Exempt Real Property	Total Taxable Assessed Value
2003-04	$ 8,760,686	$2,341,932	$1,879,013	$546,353	$694,115	$12,833,869
2004-05	9,966,804	2,463,503	1,943,657	565,311	680,115	14,259,160
2005-06	12,110,090	2,727,174	2,200,212	582,995	731,597	16,888,874
2006-07	15,371,291	3,104,110	2,655,402	631,452	816,684	20,945,571
2007-08	18,353,070	3,401,625	3,122,004	659,048	881,683	24,654,064

Source: City of Bakersfield Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2008.

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The table below shows the taxable assessed valuations of the principal property taxpayers in the City as of June 30, 2008.

City of Bakersfield
Assessed Valuation of Principal Taxpayers
(June 30, 2008)

Taxpayer	Type of Business	2007-08 Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Dreyers Grand Ice Cream Inc.	Manufacturing	$ 224,148,272	0.94%
Bakersfield Mall LLC	Shopping Center	152,546,451	0.64
Chevron USA Inc.	Oil Company	127,934,094	0.54
Bakersfield Memorial Hospital	Medical	111,362,310	0.47
Castle & Cooke Comm. Inc.	Real Estate Development	105,502,839	0.44
Donahue Schriber Realty Group LLP	Real Estate Development	82,549,777	0.35
California Water Service Company	Water Service	79,570,655	0.33
BLC Glenwood Gardens LLP	Skilled Nursing Homes	76,285,375	0.32
Lennar Home of California	Real Estate Development	65,098,219	0.27
State Farm Insurance Company	Insurance Company	57,700,000	0.24
Total taxable assessed value of ten largest taxpayers		$ 1,082,697,992	4.55%
Total taxable assessed value of other taxpayers		23,571,366,308	95.45
Total taxable assessed value of all taxpayers		$24,654,064,300	100.00%

Source: City of Bakersfield Comprehensive Annual Financial Report Fiscal Year ended June 30, 2008.

Demographic Statistics

The following table sets forth various demographic data regarding the City, including population, estimated median household income, elementary school enrollment, and estimated unemployment rate, from fiscal year 2003-04 through 2007-08.

City of Bakersfield
Demographic Statistics
(Fiscal Years 2003-04 through 2007-08)

Fiscal Year	Population(1)	Per Capita Personal Income(2)	Education Level in Years of Formal Schooling(3)	Estimated Unemployment Rate
2003-04	279,672	$24,067	72.8%	12.6%
2004-05	295,893	25,050	72.2	8.3
2005-06	311,824	25,938	71.9	7.3
2006-07	323,213	27,076	70.1	8.0
2007-08	328,692	Not Available	Not Available	9.5

(1) Estimates are revised periodically to include data that may not have been available at the time.
(2) Estimates are revised periodically to include data that may not have been available at the time. Information is for Bakersfield Metropolitan Area.
(3) Estimates for Bakersfield Metropolitan area; shows the percent of the City population 25 years and older who are high school graduates or higher.
Source: City of Bakersfield Comprehensive Annual Financial Report Fiscal Year ended June 30, 2008.

Employment

The County's total labor force, the number of persons who work or are available for work, has been estimated to be 361,200 for calendar year 2007, an increase of 5.7% over the preceding year. The number of employed workers in the labor force is estimated to be 327,200 for the same period.

The following table sets forth information regarding the size of the labor force, employment rates, and unemployment rates for the County, the State, and the United States for calendar years 2003 through 2007.

Employment – Averages
Kern County, State of California, and United States
(Calendar Years 2003 – 2007)

	2003	2004	2005	2006	2007
Kern County					
Labor Force (000s)	313.8	317.1	330.4	341.6	361.2
Employment (000s)	281.3	285.7	302.5	315.7	327.2
Unemployment Rate	10.3%	9.9%	8.4%	7.6%	9.4%
State of California					
Labor Force (000s)	17,390.7	17,506.6	17,703.4	17,907.3	18,188.1
Employment (000s)	16,200.1	16,413.4	16,742.3	17,029.9	17,208.9
Unemployment Rate	6.8%	6.2%	5.4%	4.9%	5.4%
United States					
Labor Force (000s)	146,510.0	147,401.0	149,320.0	151,428.0	153,124.0
Employment (000s)	137,736.0	139,252.0	141,730.0	144,427.0	146,047.0
Unemployment Rate	6.0%	5.5%	5.1%	4.6%	4.6%

Sources: California Employment Development Department.

The following table sets forth the top employers in the City for 2008.

City of Bakersfield
Principal Employers (1)
(2008)

Employer	Number of Employees	Rank
Bakersfield Memorial Hospital	1,000 to 4,900	1
Kern County Human Service Department	1,000 to 4,999	2
Kern County Superintendent of Schools	1,000 to 4,999	3
Kern Medical Center	1,000 to 4,999	4
Mercy Hospital	1,000 to 4,999	5
San Joaquin Community Hospital	1,000 to 4,999	6
State Farm Insurance	1,000 to 4,999	7
William Bolthouse Farms Inc.	1,000 to 4,999	8
7th Standard Ranch Co.	500 to 999	9
KHTY Radio	500 to 999	10

(1) Number of employees reflects an average range based on California Employment Development Department data.
Source: City of Bakersfield Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2008.

Building Activity

The following table summarizes the City's total annual building permit valuations from fiscal year 1998-99 through fiscal year 2007-08.

City of Bakersfield
Property Value, Construction, and Bank Deposits(1)
(Fiscal Years 1998-99 through 2007-08)

	Commercial Construction		Residential Construction		Other Construction	Total Construction		
Fiscal Year	Number of Units	Value	Number of Units	Value	Value	Number of Units	Value	Bank Deposits
1998-99	213	$78,199	2,088	$223,576	$ 36,958	2,301	$ 338,733	$2,464,202
1999-00	140	51,251	1,890	218,656	34,438	2,030	304,345	2,454,280
2000-01	123	38,113	2,012	261,522	48,067	2,135	347,702	2,730,107
2001-02	143	70,874	2,445	311,639	57,983	2,588	440,496	2,865,985
2002-03	141	56,694	2,981	428,534	62,112	3,122	547,340	3,179,623
2003-04	130	82,003	3,677	568,413	65,878	3,807	716,294	3,357,220
2004-05	103	62,202	4,291	675,804	115,348	4,394	853,354	4,027,043
2005-06	76	36,008	5,314	870,190	94,661	5,390	1,000,859	4,376,691
2006-07	151	69,002	3,532	564,588	101,835	3,683	735,425	4,432,920
2007-08	153	78,506	1,922	296,788	104,710	2,075	480,004	4,315,921

(1) Property values and bank deposits reported in thousands.
Source: City of Bakersfield Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2008.

Commercial Activity

Consumer spending in calendar year 2007 resulted in approximately $5,590,533 in taxable sales in the City, which is approximately 2.8% less than in calendar year 2006. The following table sets forth information regarding taxable sales in the City for calendar years 2003 through 2007.

City of Bakersfield
Taxable Retail Sales 2003 – 2007
(000s)

	2003	2004	2005	2006	2007
Apparel stores	$ 129,457	$ 171,095	$ 195,598	$ 210,845	$ 219,944
General merchandise stores	699,810	743,850	833,104	897,050	895,999
Food stores	215,506	234,243	254,023	268,968	251,248
Eating and drinking places	362,907	400,270	438,772	468,760	483,779
Home furnishings and appliances	154,731	169,743	191,230	195,843	174,637
Building materials and farm implmts.	340,528	442,536	516,971	474,842	377,487
Automobile dealers and auto supplies	913,717	994,342	1,120,770	1,133,781	1,153,484
Service stations	210,459	244,337	314,589	332,924	393,571
Other retail stores	464,338	534,379	620,099	641,992	550,630
Total Retail Outlets	$3,491,453	$3,934,804	$4,485,156	$4,625,005	$4,500,779
All Other Outlets	672,614	807,481	962,582	1,125,766	1,089,754
Total All Outlets	$4,164,067	$4,742,285	$5,447,738	$5,750,771	$5,590,533

Source: California State Board of Equalization.

There are three major shopping centers in the City. Major department stores with local outlets include Macy's, Mervyns, J.C. Penney, Sears, and two Kohl's. The retail base includes three Wal-Marts, three Targets, four Home Depots, three Lowe's Home Improvement Stores, two Costcos, and a Sam's Club.

The number of sales permits issued and the valuation of taxable transactions for the years 2003 through 2007 is presented in the following table.

City of Bakersfield
Number of Permits and Valuation of Taxable Transactions
2003-2007

	Retail Stores		Total All Outlets	
Year	No. of Permits	Taxable Transactions	No. of Permits	Taxable Transactions
2003	3,899	$3,491,453	6,709	$4,164,067
2004	4,068	3,934,804	6,895	4,742,285
2005	4,140	4,485,156	7,024	5,447,738
2006	4,145	4,625,005	6,901	5,750,771
2007	4,150	4,500,779	6,965	5,590,533

Source: California State Board of Equalization.

Transportation

Well-developed surface and air transportation facilities are available to City residents and business firms. Main lines of both the Union Pacific and the Burlington Northern Santa Fe railroads traverse the area. Amtrak service is available.

State Highway 99, the main north-south artery serving the most populous communities along the east side of the Central Valley, runs through the center of the City. State Highway 58 provides east-west linkage between Interstate 5, 20 miles west, and Interstate 15 at Barstow, to the east, Highway 178, heading northeast, is the major route along the Kern River Valley. Highway 65, to the north, provides access to communities east of Highway 99 and to Sequoia National Park.

Interurban motor transportation is made available by Orange Belt Stages, Greyhound, and Trailways. Golden Empire Transit provides local bus transportation.

The Meadows Field Airport adjoins the City to the north. Regularly scheduled passenger and air cargo service is available, as well as charter service and general aviation services. The Meadows Field Airport includes the William M. Thomas Terminal, a 64,800 square foot, state-of-the-art terminal facility completed in November 2005 that is currently equipped with three jet-boarding bridges, but that may be expanded to accommodate up to nine gates. A second, older terminal has been converted to accommodate international flights to Mexico.

The Director of Airports is appointed by the County Board of Supervisors. The County Board of Supervisors meets at 1115 Truxtun Avenue in Bakersfield, California, on Monday and Tuesday of each week. Department of Airports agenda items are usually heard on Tuesday at 9:00 a.m.

Utilities

Electricity throughout the City is supplied by Pacific Gas and Electric Company. This company, along with Southern California Gas Company, also supplies natural gas. Telephone service is by AT&T. Fifteen private water companies serve the City. The City provides sewer and water services.

Education

Public education in the City through the secondary grades is provided by a number of elementary school districts, including the Bakersfield City School District and Kern High School District. There are also a number of private schools, nursery schools, and pre-schools in the City.

The City lies within Kern Community College District, which administers Bakersfield College. This two-year institution is located on an approximately 150-acre site in northeast Bakersfield. Vocational and technical courses are offered as well as academic courses designed to equip the student for transfer to a four-year college or university in the third year. Bakersfield College attracts about half the local high school graduating class each year.

California State University, Bakersfield, opened in 1970 and received its university status in 1988. It is located on a 375-acre site located in the western portion of the City. Majors offered include anthropology, art, earth sciences, philosophy, mathematics, political science, business, and teaching. A graduate program offers the master's degree in a number of fields.

The newest campus in the University of California system, UC Merced, opened in 2005. UC Merced serves the entire San Joaquin Valley, with the main campus located in the City of Merced and satellite centers located in the City and the Cities of Fresno and Modesto. The satellite centers in the City and Fresno have already opened.

Financial Services

Statewide banking systems serving the City include Bank of America, Chase Bank, Sanwa Bank California, Union Bank, Rabobank, and Wells Fargo Bank. Their services are supplemented by local and regional banks and various savings and loan associations.

Community Facilities

The City has six general hospitals with a total bed capacity of 1,075. The City is a primary medical center of a region larger than some states. Mercy Hospital and Greater Bakersfield Memorial Hospital are among the largest employers in the City. Kern Medical Center, administered by the County, is affiliated with UCLA Medical Center of Los Angeles.

The daily "Bakersfield Californian" and two weekly newspapers provide regional news coverage. Bakersfield has twenty radio stations, four television stations, two cable TV companies, and two satellite TV companies.

The City has 48 public parks, covering a total of 447 acres.

The Bakersfield Rabobank Arena, Theater, and Convention Center contains a 3,250-seat concert hall, a 9,000-seat arena, and 14 meeting rooms. County-owned golf courses and five private courses offer year-round golf, and tennis is played throughout the year at six private tennis clubs.

Cultural advantages of the City include community theater, the Bakersfield Symphony orchestra, a community concert group, and the Cunningham Art Gallery. Bakersfield College and California State University, Bakersfield, sponsor plays, concerts, lectures, and special events throughout the year.

APPENDIX C

FISCAL CONSULTANT'S REPORTS

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THE BAKERSFIELD REDEVELOPMENT AGENCY
OLD TOWN KERN-PIONEER REDEVELOPMENT PROJECT

PROJECTED TAXABLE VALUES AND
ANTICIPATED TAX INCREMENT REVENUES
February 19, 2009

I. Introduction

The Bakersfield Redevelopment Agency (the Agency) is proposing to issue its Tax Allocation Bonds, Series 2009 A (Tax-Exempt – Tax Increment Revenue) (the Bonds). The Bonds will be secured by a pledge of the tax increment revenues derived from the Old Town Kern-Pioneer Project (the Project Area).

The California Community Redevelopment Law (the Law) provides for the creation of redevelopment agencies by cities and counties for the purpose of the elimination of blight. The Law, together with Article 16, Section 16 of the California Constitution, authorizes redevelopment agencies to receive that portion of property tax revenue generated by project area taxable values that are in excess of the Base Year value. The Base Year value is defined as the amount of the taxable values within the Project Area boundaries on the last equalized tax roll prior to adoption of the Project Area. The amount of current year taxable value that is in excess of the Base Year value is referred to as incremental taxable value. Tax revenues generated from the incremental taxable value are generally referred to as Tax Increment Revenues. The Law provides that the Tax Increment Revenues may be pledged by the Agency to the repayment of Agency indebtedness.

In this report, Tax Increment Revenues, including Unitary Tax Revenue (see Section IV.H, Allocation of State Assessed Unitary Taxes) are referred to as Gross Revenues. Gross Revenues less: SB 2557 County Administrative charges (see Section IV.G, County Collection Charges); the Housing Set-Aside Requirement (see Section V, Low and Moderate Income Housing Set-Aside); tax sharing and any applicable owner participation agreement payments (see Section VII, Tax Sharing Agreements and Other Obligations); and other obligations with a lien on revenue superior to debt service on the bonds; are referred to as Tax Revenues.

The purpose of this Fiscal Consultant's Report (the Report) is to examine the current fiscal year and project for subsequent fiscal years the amount of Tax Revenues to be received by the Agency from the Project Area. As a result of our research, we project the Tax Revenues for the Project Area to be as shown in the table below (000's omitted):

Table I – Project Area Tax Revenues

Fiscal Year	Incremental Value	Gross Revenues	Tax Revenue
2008-09	$271,883	$2,860	**$1,646**
2009-10	287,767	3,013	**1,733**
2010-11	297,060	3,096	**1,763**
2011-12	306,538	3,179	**1,793**
2012-13	316,207	3,263	**1,824**
2013-14	326,068	3,349	**1,854**
2014-15	336,127	3,435	**1,885**
2015-16	346,387	3,523	**1,916**
2016-17	356,852	3,611	**1,948**
2017-18	$271,883	3,701	**1,980**

These projections are based on assumptions determined by our review of the taxable value history of the Project Area and the property tax assessment and property tax apportionment procedures of Kern County (the County). Future year assessed values and Tax Revenues are projections based upon the assumptions described in this Report, and are not guaranteed as to accuracy and this Report is not to be construed as a representation of such by HdL Coren & Cone.

II. The Project Area

The Project Area, encompassing 1,971 acres in east Bakersfield was established by Ordinance No. 3904 adopted on June 30, 1999.

A. Land Use

Table II A and II B illustrate the breakdown of land use in the Project Area by assessed value and are based on the lien date tax roll for fiscal year 2008-09. Unsecured parcels and Secured Non-Unitary Utilities are shown in brackets because they are, in reality, tax bills that are assigned to secured parcels already accounted for in other categories.

Table II –Project Area Land Use

Category	No. Parcels	Net Taxable Value	% of Total
Residential	1,406	$149,114,192	24.9%
Commercial	930	289,976,610	48.5%
Industrial	328	68,814,192	11.5%
Recreational	25	6,698,575	1.1%
Institutional	85	5,721,049	1.0%
Government	15	27,335	0.0%
Miscellaneous	19	3,520,199	0.6%
Vacant Land	331	13,727,668	2.3%
Exempt	171	0	0.0%
Subtotals:	**3,310**	**$537,599,820**	**89.9%**
Unsecured	[721]	58,419,341	9.8%
SBE Non-Unitary	[45]	1,625,218	0.3%
Totals:		**$597,644,379**	100.0%

B. Redevelopment Plan Limits

The Project Area was adopted under the provisions of the Law enacted by Assembly Bill 1290 in 1993. Under the Law, as amended, project areas adopted after January 1, 1994 terminate their effectiveness not more than 30 years from the date of their adoption. Loans, advances and other forms of indebtedness may not be repaid beyond 45 years following the date of adoption of the redevelopment plan. Redevelopment plans adopted after January 1, 1994 are not required to have limits on the amount of tax increment that may be received annually or over the life of the plan. The Plans do contain limits on the maximum amount of debt to be repaid with tax increment that may be outstanding at one time. The plan limitations for the Project Area are summarized below.

Last Date to Establish New Debt	Termination of Plan Effectiveness	Last Date to Repay Debt with Tax Increment	Limit on Outstanding Tax Allocation Debt
June 30, 2019	June 30, 2029	June 30, 2044	$141 million

III. Project Area Assessed Values

A. Assessed Values

Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties, which are part of the Project Area. The assessments are assigned to respective Tax Rate Areas (each, a TRA) that are coterminous to the boundaries of the Project Area. The historic reported taxable values for the Project Area were reviewed in order to ascertain the rate of taxable property valuation growth over the current year and the most recent six fiscal years beginning with 2003-04 (see Table 3).

Growth in assessed value of the Project Area from the 1998-99 base year, as revised in 2007-08 to 2008-09 was $271,882,964 (83.46%). Between 2003-04 and 2008-09, the Project Area assessed values increased by $231,872,771 (63.39%). This growth has been led by additions to secured values. From 2003-04 through 2008-09 secured values have increased by $215,419,724 (66.53%). New residential and commercial developments account for the major increases to the secured roll. Unsecured values have increased in every year since 2003-04. From 2003-04 through 2008-09 unsecured values have increased by $16,453,047 (39.21%).

Spurred by falling home prices, approximately 40,000 homes sold in Kern County between July 1, 2005 and June 30, 2007 were examined by the Assessor for Proposition 8 adjustments. According to the Assessor, approximately 40,000 homes have experienced adjustments downwards in their assessed value to more accurately reflect the market level, resulting in approximately $2.7 billion value reduction County-wide. The County Assessor is continuing to follow the housing market and, at this time, recognizes there could be additional homes experiencing adjustments for the lien date of January 1, 2009.

B. Top Ten Taxable Property Owners

A review of the top ten taxpayers in the Project Area for fiscal year 2008-09 was conducted. For the Project Area, the aggregate total taxable value for the ten largest taxpayers totaled $86,180,093. This amount is 14.42% percent of the total assessed value and 31.70% of the incremental value of the Project Area. The top taxpayer in the Project Area is CPT Operating Partnership, on two secured parcels representing commercial and institutional uses, with a value of $16,958,519. The value of the CPT Operating Partnership parcels is 2.84% of the total assessed value and 6.24% of the project area's incremental value. Details on the top ten taxpayers are contained on the attached Table 5.

IV. Tax Allocation and Disbursement

A. Property Taxes

The taxable values of secured and unsecured property are established each year on the January 1 property tax lien date. The values established on the lien date are the values to be enrolled for the coming fiscal year. Real Property reflects the reported assessed values for secured and unsecured land and improvements. Pursuant to Article XIIIA of the State Constitution, the value of locally assessed Real Property may only be increased up to two percent annually to reflect inflation. In most cases Real Property values are permitted to increase to full, current market value as a result of a change of ownership or new construction. Utility properties assessed by the State Board of Equalization may be revalued annually and such assessments are not subject to the inflation limitations of Article XIIIA. The taxable value of Personal Property is also established on the lien date and is not subject to the annual two percent limit of locally assessed Real Property.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate.

B. Supplemental Assessments

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment. It is determined by applying the current year's tax rate to the amount of increase in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property. Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Tax Revenues by taxing entities typically follows the change of ownership by a year or more. The Agency has received supplemental revenues for the Project Area in the amounts of $337,767 and $474,584 for fiscal years 2006-07 and 2007-08, respectively. We have **not** included projected amounts of revenue that could result from Supplemental Assessments in our projections.

C. Tax Rates

The Project Area is comprised of 8 TRAs. A TRA is a geographic area within which the taxes on all property are levied by a certain set of taxing entities. These taxing entities each receive a prorated share of the general levy and those taxing entities with voter-approved over-ride tax rates receive the revenue resulting from that tax rate.

Tax rates will vary from area to area within the State, as well as within a community and a project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of $1.00 per $100 of taxable values and the over-ride tax rate. The over-ride rate is that portion of the tax rate which exceeds the general levy tax rate and is levied to pay voter-approved indebtedness or contractual obligations that existed prior to the enactment of Proposition XIII.

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote of the electorate. A subsequent amendment of the Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from over-ride tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. The over-ride tax rates typically decline each year as a result of (1) increasing property values (which would reduce the over-ride rate that must be levied to meet debt service) and (2) the eventual retirement of debt over time. For all of the Southeast Project and Project Area TRAs, pre-1989 over-ride tax rates include debt levied for the Kern County Water Agency of 0.049469 per $100 of assessed value. All the TRAs also contain over-ride service debt rates for various school districts that were approved after 1988 and do not contribute revenue to the Agency. The tax rate on unsecured property value in the current year is the secured tax rate from the prior year. The secured tax increment projections are based on the published tax rates for 2008-09.

Within the various TRAs within the Project Area, there is only one applicable secured tax rate applicable to the Project Area tax increment, as illustrated by Table III-C below. For the purposes of the projections, the tax rate of 1.049469% declines to 1% over ten years.

Table III-C

	Tax Rate Area
General Levy	1.000000
Kern County Water Agency	0.049469
Total RDA Eligible Tax Rate:	**1.049469**

D. Allocation of Taxes

Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due August 1 and become delinquent August 31. The County disburses tax increment revenue to redevelopment agencies in monthly payments made August through July, with approximately 50 percent of annual revenue paid by December. The Agency does not participate in a Teeter Plan. The County bases its remittances on collections.

E. Annual Tax Receipts to Tax Levy

A review was made of the receivable and allocated tax revenues for the Project Area for fiscal years 2003-04 through 2007-08. Table III below shows the collection rates for the Project Area during these fiscal years. Collection rates are a comparison of annual revenues apportioned to a project area to the amount collected for the apportionment year. Revenues collected in July accrue to the previous fiscal year. A collection rate of over 100 percent reflects the fact that roll changes occurred after the lien date that increased assessed values and resulted in a greater amount of revenue. Amounts under the heading Prior Year Collections include supplemental revenues and redemption payments and do not include July payments.

Table III
Project Area

Collection Rates for Prior Years						
	Original Tax Levy	**Current Year Apportioned**	**Prior Year Collections**	**Total Apportioned**	**Current Year Collection %**	**Total Collection %**
2003-04	$ 389,122	$ 374,797	$18,881	$ 393,678	96.32%	101.17%
2004-05	557,651	534,155	18,342	552,497	95.79%	99.08%
2005-06	940,204	900,137	30,158	930,295	95.74%	98.95%
2006-07	1,709,719	1,631,484	63,089	1,694,574	95.42%	99.11%
2007-08	2,434,167	2,263,725	88,736	2,350,461	93.00%	96.56%

F. Assessment Appeals

Assessment appeals granted under Section 51 of the Revenue and Taxation Code (also known as Prop 8 Appeals) require that, for each subsequent lien date, the value of real property shall be adjusted to be the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions to residential assessed values have occurred in most counties due to adjustments to residential market value. Most of these reductions in value have affected residential properties that were sold during the 2004 through 2007. Reductions made under this code section may be initiated by the

Assessor or requested by the property owner. After a roll reduction is granted under Section 51, the property is reviewed on an annual basis to determine the full cash value of the property and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases shall be consistent with the full cash value of the property and, as a result, may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation it, once again, is subject to the annual inflationary factor growth rate allowed under Article XIIIA. (See Section X). The Assessor has reviewed the values of 40,000 residential parcels within the County that were purchased between January 2004 and December 2007. This has resulted in Prop 8 reductions totaling $2.9 billion for 2008-09. The impact of these actions on the Project Area is relatively small but recovery of these value losses may occur over a number of years.

Assessment appeals may also be requested as adjustments to a property's base year value. If such an appeal is granted with a change in value, the base year value of the property is adjusted accordingly and that value is subsequently adjusted for new construction, demolition and any other changes requiring revaluation of the parcel's land, improvement and personal property values and by the annual inflationary factor growth rate allowed under Article XIIIA.

Within the Project Area, there are three pending appeals by ACS Education Services Inc, one of the top ten taxpayers, requesting a $2,118,944 reduction in value. There are three appeals on two parcels in the Project Area, filed by property owners that are not among the top ten taxpayers.

G. County Collection Charges

Chapter 466 of the Statutes of 1990 allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. The County collection charges for 2007-08 were $31,871 for the Project Area. For purposes of our projections, we have assumed that the County will continue to charge the Agency for property tax administration and that such charge will annually equate to 1.28% of the Project Area's Gross Revenue for the remainder of the Projections (see Tables 1 and 2).

H. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921) provided for a modification of the distribution of tax revenue derived from unitary property owned by utilities (except railroads) and assessed by the State Board of Equalization (SBE). Unitary property is property owned by a utility and used in the operating function of the utility. Non-unitary property is property owned by a utility and not used in the functioning of the utility. Non-unitary property appears on the tax rolls as secured utility property.

Prior to the 1988-89 fiscal year, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a TRA. Commencing in 1988-89, tax revenues derived from unitary property are accumulated in a single TRA for the county and distributed to each taxing entity in the county in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to two percent; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenue above two percent would be allocated to all taxing jurisdictions in the county by a ratio determined by dividing each taxing entity's share of the county's total secured tax levies for the prior year by the total secured levy of the county, exclusive of debt service.

For fiscal year 2008-09, the County Auditor-Controller will allocate $5,911 in unitary revenue to the Project Area. We have assumed the Agency will annually receive the same amount in future years.

V. Low and Moderate Income Housing Set-Aside

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

VI. Legislation

SB 211 was signed into law as Chapter 741, Statutes of 2001. This legislation has two main impacts on the limits contained in an agency's redevelopment plan. First, a city council may eliminate the time limit to establish indebtedness in redevelopment project areas adopted prior to January 1, 1994 by ordinance. If a redevelopment plan is so amended, any existing tax sharing agreements will continue and certain statutory tax sharing for entities without tax sharing agreements will commence in the year the eliminated limit would have taken effect. Second, a city council may extend the time limit for plan effectiveness and repayment of debt for up to ten years if it can make certain specified findings. Because the Project Area was adopted after the effective date AB1290, the Project Area is not subject to the effects of SB211.

In order to address State Budget deficits, the Legislature enacted SB 614, SB 844 and SB 1135 that required payments from redevelopment agencies for the 1992-93, 1993-94 and 1994-95 fiscal years into a countywide ERAF. An agency could have used any funds legally available and not legally obligated for other uses, including reserve funds, bond proceeds, earned income, and proceeds of land sales, but not moneys in the Low and Moderate Income Housing Fund (the Housing Fund) to satisfy this obligation. An agency could have reduced its payment due to existing indebtedness, contractual obligations and 90 percent of 1991-93 administrative costs (collectively, Existing Obligations). If an agency could not make the required payment due to Existing Obligations, it could have borrowed up to 50 percent of its 1992-93 contribution to the Housing Fund (which must be repaid within ten years), or the agency was required to obtain a loan from the city/county in order to pay the difference between what the agency pays and the total amount due. For agencies that did not borrow to meet any shortfall of the required payment, the county auditor-controller was required to deduct any amount due from the city/county's allocation of property taxes. This obligation applied to the agency and not to specific redevelopment project areas. According to the Agency, it has no outstanding ERAF obligations. In addition to the payments from redevelopment agencies periodic State budget solutions have involved the shifting of property tax revenues from cities, counties and special districts to the ERAF.

From 1994-95 to 2001-02 State Budgets were adopted with no additional shifting of tax increment from redevelopment agencies; however, the 2002-03 State Budget required a shift of $75 million of tax increment statewide from redevelopment agencies to ERAF to meet the State budget shortfall. AB 1768 (Chapter 1127, Statutes of 2002) was enacted by the Legislature and signed by the Governor and based upon the methodology provided in the 2002-03 State Budget, the shift requirement for the Agency was $75,458 for fiscal year 2002-03 only. The Agency made the required payment without impacting its payment of debt service and other obligations.

As part of the State's 2003-04 budget legislation, SB 1045 (Chapter 260, Statutes of 2003) required redevelopment agencies statewide to contribute $135 million to local county ERAFs which reduced the amount of State funding for schools. This transfer of funds was limited to Fiscal Year 2003-04 only. The amount of revenue that was transferred by the Agency to the Kern County ERAF for 2003-04 was $132,543. The Agency made this payment to the County by the May 10, 2004 deadline without impacting its payment of debt service on existing indebtedness.

Under the Law, as amended by SB 1045, the Agency was authorized to use a simplified methodology to amend the individual redevelopment plans to extend by one year the effectiveness of the plan and the time during which the Agency may repay debt with tax increment revenues. In addition, the amount of this payment and the ERAF payments made in prior years may be deducted from the amount of the Project Area cumulative tax increment revenues. The Agency intends to extend the Plans in the future pursuant to SB 1045. These extensions of time are not reflected in the projections and in the Project Area limits shown in Section II B.

After the State's budget for 2004-05 was approved by the Legislature and signed by the Governor, Senate Bill 1096 was adopted. Pursuant to SB 1096, redevelopment agencies within the State paid a combined total of $250 million to ERAF in each of fiscal years 2004-05 and 2005-06 using the same formula as was used for 2003-04. Annual payments were due on May 10 of each fiscal year. As in previous years, payments were allowed to be made from any available funds other than the Housing Fund. If an agency was unable to make a payment, it was allowed to borrow up to 50 percent of the current year Housing Set-Aside Revenues, however, such borrowed amounts must be repaid to the Housing Fund within 10 years of the last ERAF payment (May 10, 2006). The Agency's portion of the statewide ERAF requirement for 2004-05 was $248,051. The Agency's 2005-06 payment amount was $286,573. The ERAF requirements were subordinate to the payment of debt service on existing bonds and the Agency made such payments on time.

SB 1096 made provision for extensions of project area effectiveness of one year for each of the two payments required. For project areas that have less than 10 years of plan effectiveness remaining after June 30, 2005, a one year extension is authorized. For project areas that have more than 10 years and less than 20 years of plan effectiveness remaining after June 30, 2005, a one year extension is authorized if the city council can make certain findings that the redevelopment agency is in compliance with specified state housing requirements. These requirements are: 1) that the redevelopment agency is setting aside 20 percent of gross tax increment revenue; 2) housing implementation plans are in place; 3) replacement housing and inclusionary housing requirements are being met; and, 4) no excess surplus exists. For those project areas with more than 20 years of plan effectiveness remaining after June 30, 2005 no extension of time is authorized.

The Legislature has now enacted AB 1389 to require a $350 million shift for 2008-09 from redevelopment agencies to ERAF. There will be no repayment of this amount, nor any extensions of redevelopment plan limits. The Housing Set Aside Requirement will not apply to the amount paid for the ERAF. The amount the Agency will be required to pay is $571,840. The payment may come from any available Agency revenues. A redevelopment agency may borrow up to 50 percent from its current year Housing Set-Aside Requirement for purposes of making the ERAF payment. The ERAF payment is subordinate to all bonded debt issued by a redevelopment agency. A redevelopment agency that cannot make the payment due to existing indebtedness may borrow from their legislative body. Failure to make the ERAF payment will result in penalties that effectively stop new activities of a redevelopment agency.

The Agency cannot predict whether the State Legislature will enact any other legislation requiring additional or increased future shifts of tax increment revenues to the State and/or to schools, whether through an arrangement similar to ERAF or by other arrangements, and, if so, the effect on future Tax Revenues.

Legislation, AB 1389, enacted with the 2008-09 State Budget requires redevelopment agencies to report their statutory payments pursuant to AB 1290 and SB 211 to their county auditors. Redevelopment agencies are to report to their county auditors their Statutory Payments by each project area, and each taxing agency for each of past five years (2003-04 through 2007-08) by October 1, 2008, and annually by October 1st for the next six years. This information is to be consolidated by the counties and reported to the State Controller. The State Controller is then responsible for disseminating the appropriate information, including redevelopment agencies whose calculations are determined by the counties to not be in concurrence with the requirements of AB 1290, to the Legislative Analyst, the State Department of Finance, the State Board of Education, and the Board of Governors of the California Community Colleges.

In the event of a dispute the redevelopment agency has 15 days to revise and resubmit its report, submit a statement of dispute identifying the issues, amend the report, or submit the report to the State Controller with the county's analysis. The legislation allows the State Controller to revoke a county finding of concurrence and direct an agency to resubmit a report to the county if the Controller finds significant errors in the report. When the State Controller submits its report to the Legislative Analyst and the Department of Finance it is required to summarize the statements of dispute including whether the Controller or other state entity has provided instructions as to how these disputes should be resolved. Ultimately, for agencies with unresolved disputes, the State Controller with the concurrence of the State Director of Finance, may waive the penalties and interest charges for late payments (see Penalties and Interest below) for 12 months for agencies that filed a statement of dispute that, in the opinion of the Controller, is likely to be resolved in a manner consistent with an agency's position.

After February 1, 2009, an agency listed on the most recent State Controller's report for which the county has not issued a finding of concurrence or that has outstanding Statutory payments to a local educational agency, will be subject to penalties and interest charges. The penalties, would prevent the agency from adding new project areas or expanding existing areas, issuing new bonds or other obligations including refunding, encumbering or expending any funds derived from any source except to pay existing loans, contractual obligations, tax-sharing agreements or housing set-aside deposits. Administrative costs would be limited 75 percent of the average monthly amount spent on administration in the previous fiscal year.

Such identified agencies would also incur interest costs on any Statutory Payment that is not paid by 60 days after the close of the fiscal year in which the pass-through payment was required. The interest rate would be 150 percent of the current Pooled Money Investment Account earnings annual yield beginning 60 days after the close of the fiscal year for which the Statutory Payment was due. The State Controller, with the concurrence of the State Director of Finance may waive the penalties and interest for up to 12 months for agencies identified by as not in concurrence when a dispute by an agency that is likely to be sustained, when the agency has paid the local educational agencies or had the county withhold a disputed amount, or if the agency would sustain a fiscal hardship if it made the payments in the amount estimated by the county auditor.

Since AB 1389 was enacted on September 30th, one day before the first deadline, it is taking redevelopment agencies, counties and the State Controller longer to review the calculations than specified in the legislation. Kern County has concurred with the Agency's calculations.

VII. Tax Sharing Agreements and Other Obligations

A. Statutory Tax Sharing

The Project Area was adopted after January 1, 1994 and is, therefore, subject to the statutory tax sharing payments mandated in the Law as amended by Assembly Bill 1290. These tax-sharing payments are set by statute and are not negotiated. A prescribed portion of the Agency's tax increment revenue must be shared with all taxing entities within the Project Area. This defined tax-sharing amount has three tiers. The first tier began with the first year that the Project Area received tax increment revenue and continues for the life of the Project Area. This first tier tax-sharing amount is 25 percent of the Agency's gross tax increment revenue net of the Housing Set-Aside Requirement. The City of Bakersfield may elect to receive its share of this first tier of tax-sharing payments. If the City does not elect to receive its share, that amount of the tax sharing payment will remain with the Agency.

The second tier begins in the eleventh year after the Agency first receives tax increment revenue. This second tier is 21 percent of the tax increment revenue, net of the Housing Set-Aside Requirement, that is derived from the growth in assessed value that is in excess of the assessed value of the project area in year ten. The City may not receive a share of the second tier tax-sharing payments.

The third tier begins in the 31st year after the Agency first receives tax increment revenue. This third tier is 14 percent of the tax increment revenue, net of the Housing Set-Aside Requirement that is derived from the growth in assessed value that is in excess of the assessed value of the Project Area in the 30th year. The City may not receive a share of the third tier tax-sharing payments. These three tiers of tax sharing are calculated independent of one another and continue from their inception through the life of the Project Area.

B. U.S. Department of Housing and Urban Development

The Agency has committed tax increment funds to the repayment of loans from the U.S. Department of Housing and Urban Development (HUD). The Agency contracted for loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974 to finance activities in the Project Area connection with a mixed-use project.

VIII. New Development

A review of recent transfers of ownership has been conducted and a number of transfers were found to have occurred after the January 1, 2008 lien date for the current fiscal year. These transfers of ownership occurred from January 1, 2008 through August 15, 2008. As a result, the sales values on these transfers of ownership are expected to be reflected in the tax rolls for 2009-10.

There were 57 transfers of ownership found within the Project Area. Of the 57 transfers, one buyer, Alfarooo Islamic Center appears to potentially be eligible for a welfare exemption on two parcels and the County of Kern purchased one parcel. These transfers of ownership are expected to result in an increase of value in the amount $8,381,561 to the 2009-10 tax roll. In addition, based on data provided by DataQuick, there are 32 parcels in foreclosure with outstanding mortgages that may result in a reduction of $1,472,972. The impacts of these transfers are included in the Projections of Incremental Taxable Value and Tax Increment Revenue and shown in detail on Table 4 (New Development).

IX. Trended Taxable Value Growth

Growth in real property land and improvement values have been limited to an assumed rate of growth of real property taxable values of two percent annually as allowed under Article XIIIA of the State Constitution. A two percent growth rate has been assumed because it is the maximum inflationary growth rate permitted by law and this rate of growth has been achieved in all but five years since 1981. The years in which less than two percent growth was realized were 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%) and 2004-05 (1.867%). If in future years the growth of taxable value in the project area is less than two percent, the resultant Tax Increment Revenues would be reduced.

As a result of the recent nationwide increase in defaults on residential mortgages there has been concern expressed in the financial market over the possible impact that these defaults may have on redevelopment agency revenues in general. Reliable information on foreclosure activity is difficult to find and what information that is available is not readily applicable to discrete areas within cities and redevelopment project areas. Much of the information available is segregated by county or ZIP code.

The Project Area contained less than 3% of the total parcels within the City and less than 2% of the total residential parcels within the City. Based on this information it seems unlikely that foreclosures within the Project Area will have a significant impact on Redevelopment Projects assessed values and revenues.

According to transfer of ownership reported by DataQuick, there have been 44 parcels within the Project Area that appear to have foreclosure activity. Of the 44 parcels, 12 parcels have been sold resulting in $740,073 value reduction and 32 parcels are yet to be sold.

HdL Coren & Cone make no representation that taxable values will actually grow at two percent. Future values will also be affected by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on reduced market values could increase more than two percent when real estate values increase more than two percent (see Section IV A above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this report might also impact property taxes and Tax Increment Revenue. HdL Coren & Cone makes no representation that taxable values will actually grow at the rate projected. Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other County Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the Kern County Assessor and Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the individual appraiser's judgment. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

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Bakersfield Redevelopment Agency
Old Town Kern-Pioneer Redevelopment Project
Projection of Incremental Taxable Value & Tax Increment Revenue

19-Feb-09

(000's Omitted)

Table 1 - Old Town Project

Taxable Values (1)		**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Real Property (2)		448,759	464,643	473,936	483,414	493,083	502,944	513,003	523,263	533,729	544,403
Personal Property (3)		148,885	148,885	148,885	148,885	148,885	148,885	148,885	148,885	148,885	148,885
Total Projected Value		**597,644**	**613,528**	**622,821**	**632,300**	**641,968**	**651,830**	**661,889**	**672,149**	**682,614**	**693,288**
Taxable Value over Base	**325,761**	**271,883**	**287,767**	**297,060**	**306,538**	**316,207**	**326,068**	**336,127**	**346,387**	**356,852**	**367,527**
Gross Tax Increment Revenue (4)		2,854	3,007	3,090	3,173	3,257	3,343	3,429	3,517	3,605	3,695
Unitary Tax Revenue		6	6	6	6	6	6	6	6	6	6
Gross Revenues		**2,860**	**3,013**	**3,096**	**3,179**	**3,263**	**3,349**	**3,435**	**3,523**	**3,611**	**3,701**
LESS											
SB 2557 Admin. Fee (5)		(37)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(48)
HUD Loan (6)		(34)	(36)	(38)	(41)	(43)	(46)	(49)	(52)	(55)	(58)
Tax-Sharing											
Taxing Entity Pass Throughs Tier 1 (7)		(572)	(603)	(619)	(636)	(653)	(670)	(687)	(705)	(722)	(740)
Taxing Entity Pass Throughs Tier 2 (7)		0	0	(16)	(33)	(49)	(66)	(83)	(100)	(117)	(135)
Tax Revenues		**2,218**	**2,336**	**2,382**	**2,429**	**2,477**	**2,524**	**2,572**	**2,621**	**2,670**	**2,721**
Housing Set Aside Tax Revenue (8)		**572**	**603**	**619**	**636**	**653**	**670**	**687**	**705**	**722**	**740**
Non-Housing Set-Aside Tax Revenues		**1,646**	**1,733**	**1,763**	**1,793**	**1,824**	**1,854**	**1,885**	**1,916**	**1,948**	**1,980**

(1) Taxable values as reported by Kern County
(2) Real property consists of land and improvements. Increased for transfer sales and decreased for estimated value loss due to foreclosure activity (see Table 4 - Old Town Project) and increased 2% annually for inflation.
(3) Personal property is held constant at 2008-09 value.
(4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate of 1.053307% declining to 1% over ten years.
(5) County Administration fee is estimated at 1.28% of Gross Revenue.
(6) Repayment of a loan from the US Dept. of Housing and Urban Development.
(7) All Taxing Entities receive their shares of 25% of total tax increment revenue net of housing set aside. In addition, after year 10 Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of housing set aside. Starting year 31 Taxing Entities receive 14% of tax revenue on incremental value above the year 30 net of housing set-aside.
(8) Housing Set Aside calculated at 20% of Gross Revenue.

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Bakersfield Redevelopment Agency
Old Town Kern-Pioneer Redevelopment Project
PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

19-Feb-09

Table 2 - Old Town Project

		Total Taxable Value	Taxable Value Over Base 325,761	Gross Tax Revenue	SB 2557 Charge	HUD Loan	AB 1290 Statutory Tax Sharing: Tier 1	Tier 2	Tier 3	Tax Revenues	Tax Revenues Components: Housing Set-Aside Tax Revenues	Tax Increment Revenues
1	2008-09	597,644	271,883	2,860	(37)	(34)	(572)	0	0	**2,218**	**572**	**1,646**
2	2009-10	613,528	287,767	3,013	(39)	(36)	(603)	0	0	**2,336**	**603**	**1,733**
3	2010-11	622,821	297,060	3,096	(40)	(38)	(619)	(16)	0	**2,382**	**619**	**1,763**
4	2011-12	632,300	306,538	3,179	(41)	(41)	(636)	(33)	0	**2,429**	**636**	**1,793**
5	2012-13	641,968	316,207	3,263	(42)	(43)	(653)	(49)	0	**2,477**	**653**	**1,824**
6	2013-14	651,830	326,068	3,349	(43)	(46)	(670)	(66)	0	**2,524**	**670**	**1,854**
7	2014-15	661,889	336,127	3,435	(44)	(49)	(687)	(83)	0	**2,572**	**687**	**1,885**
8	2015-16	672,149	346,387	3,523	(45)	(52)	(705)	(100)	0	**2,621**	**705**	**1,916**
9	2016-17	682,614	356,852	3,611	(46)	(55)	(722)	(117)	0	**2,670**	**722**	**1,948**
10	2017-18	693,288	367,527	3,701	(48)	(58)	(740)	(135)	0	**2,721**	**740**	**1,980**
11	2018-19	704,177	378,415	3,792	(49)	(62)	(758)	(152)	0	**2,770**	**758**	**2,012**
12	2019-20	715,282	389,521	3,901	(50)	(65)	(780)	(171)	0	**2,835**	**780**	**2,055**
13	2020-21	726,610	400,849	4,014	(52)	(69)	(803)	(190)	0	**2,901**	**803**	**2,098**
14	2021-22	738,165	412,403	4,130	(53)	(73)	(826)	(209)	0	**2,969**	**826**	**2,143**
15	2022-23	749,950	424,189	4,248	(55)	(78)	(850)	(229)	0	**3,037**	**850**	**2,187**
16	2023-24	761,972	436,210	4,368	(56)	(82)	(874)	(249)	0	**3,107**	**874**	**2,233**
17	2024-25	774,233	448,472	4,491	(58)	0	(898)	(270)	0	**3,265**	**898**	**2,367**
18	2025-26	786,740	460,979	4,616	(59)	0	(923)	(291)	0	**3,342**	**923**	**2,419**
19	2026-27	799,497	473,736	4,743	(61)	0	(949)	(312)	0	**3,421**	**949**	**2,473**
20	2027-28	812,510	486,748	4,873	(63)	0	(975)	(334)	0	**3,502**	**975**	**2,527**
21	2028-29	825,782	500,021	5,006	(64)	0	(1,001)	(357)	0	**3,584**	**1,001**	**2,583**
22	2029-30	839,320	513,559	5,141	(66)	0	(1,028)	(379)	0	**3,668**	**1,028**	**2,640**
23	2030-31	853,129	527,367	5,280	(68)	0	(1,056)	(403)	(15)	**3,738**	**1,056**	**2,682**
24	2031-32	867,214	541,452	5,420	(70)	0	(1,084)	(426)	(31)	**3,809**	**1,084**	**2,725**
25	2032-33	881,580	555,819	5,564	(71)	0	(1,113)	(450)	(47)	**3,882**	**1,113**	**2,769**
26	2033-34	896,234	570,473	5,711	(73)	0	(1,142)	(475)	(64)	**3,957**	**1,142**	**2,814**
27	2033-34	911,181	585,420	5,860	(75)	0	(1,172)	(500)	(80)	**4,032**	**1,172**	**2,860**
28	2034-35	926,427	600,666	6,013	(77)	0	(1,203)	(526)	(98)	**4,110**	**1,203**	**2,907**
29	2035-36	941,978	616,217	6,168	(79)	0	(1,234)	(552)	(115)	**4,188**	**1,234**	**2,955**
30	2036-37	957,840	632,078	6,327	(81)	0	(1,265)	(578)	(133)	**4,269**	**1,265**	**3,004**
				132,697	**(1,704)**	**(881)**	**(26,539)**	**(7,654)**	**(584)**	**95,335**	**26,539**	**68,796**

Footnotes: see Table 1

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Bakersfield Redevelopment Agency

Old Town Kern-Pioneer Redevelopment Project

HISTORICAL VALUES (1)

19-Feb-09

Table 3 - Old Town Project

	Base Year 1998-99	2003-04	2004-05	2005-06	2006-07	Revised Base Year 1998-99	2007-08	Adjusted 2007-08 (1)	2008-09
Secured									
Land	10,519,269	122,762,104	126,018,044	137,051,617	149,285,197	3,579,210	163,101,243	162,575,343	175,348,027
Impts	293,952,193	400,813,746	402,164,062	434,710,585	520,433,420	0	583,606,162	581,724,394	625,277,878
Pers Prop	0	68,167,951	69,397,618	75,034,705	87,627,036	0	88,926,363	88,639,631	104,197,925
Exemptions	0	(267,938,487)	(257,004,679)	(268,691,555)	(305,990,520)	0	(327,162,451)	(326,107,555)	(365,598,792)
Total Secured	**304,471,462**	**323,805,314**	**340,575,045**	**378,105,352**	**451,355,133**	**297,531,403**	**508,471,317**	**506,831,812**	**539,225,038**
Unsecured									
Land	0	174,372	174,144	77,511	79,059	0	33,071	34,782	33,731
Impts	0	6,687,654	9,415,236	9,242,959	12,497,932	0	14,013,999	14,739,182	13,698,264
Pers Prop	28,230,012	36,310,517	39,323,973	39,536,254	42,636,585	28,230,012	40,061,138	42,134,182	46,201,907
Exemptions	0	(1,206,249)	(2,598,900)	(2,212,413)	(2,037,196)	0	(1,681,261)	(1,768,261)	(1,514,561)
Total Unsecured	**28,230,012**	**41,966,294**	**46,314,453**	**46,644,311**	**53,176,380**	**28,230,012**	**52,426,947**	**55,139,885**	**58,419,341**
GRAND TOTAL	**332,701,474**	**365,771,608**	**386,889,498**	**424,749,663**	**504,531,513**	**325,761,415**	**560,898,264**	**561,971,697**	**597,644,379**
County Reported Values (1)		368,020,612	386,889,498	424,749,663	504,531,513		561,971,697		597,644,379
Incremental Value:		33,070,134	54,188,024	92,048,189	171,830,039		235,136,849	236,210,282	271,882,964
Percentage Increase/(Decrease)			63.86%	69.87%	86.67%			37.47%	15.10%

(1) Source: County of Kern Lien Date Rolls

(2) Secured values include state assessed non-unitary utility property.

(3) HdLCC data does not reconcile with County reported values. For projection purposes, HdLCC values adjusted proportionately to reflect County Values.

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Bakersfield Redevelopment Agency
Old Town Kern-Pioneer Redevelopment Project
New Development

19-Feb-09

Table 4 - Old Town Project

000's omitted

REAL	**SqFt/ Units**	**Value**	**Total Value**	**Less Existing**	**Total Value Added**	**Start**	**Complete**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**
	0	$0	$0	0	0			0	0	0	0	0	0
	0	$0	$0	0	0			0	0	0	0	0	0
	0	$0	$0	0	0			0	0	0	0	0	0
	0	$0	$0	0	0			0	0	0	0	0	0
Transfer Sales (Jan. 1 -Aug 15, 2008)	57	$0	$23,642,180	15,260,619	8,382		Completed	8,382	0	0	0	0	0
Trust Transactions (Foreclosure)	32	$0	$3,890,875	5,363,847	(1,473)			(1,473)	0	0	0	0	0
Total Real Property:			27,533,055	20,624,466	6,909			6,909	0	0	0	0	0
					Adj. Annually for Inflation @		2.0%		0	0	0	0	0
PERSONAL						**Start**	**Complete**						
	0	0	0	0	0			0	0	0	0	0	0
	0	0	0	0	0			0	0	0	0	0	0
	0	0	0	0	0			0	0	0	0	0	0
Total Personal Property:			0	0	0			0	0	0	0	0	0
Total Real and Personal Property:								**6,909**	**0**	**0**	**0**	**0**	**0**

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Bakersfield Redevelopment Agency
Old Town Kern-Pioneer Redevelopment Project
TOP TEN TAXABLE PROPERTY OWNERS (1)

19-Feb-09

Table 5 - Old Town Project

		Secured			Unsecured			Total			
		Value	Parcels	% of Sec. AV	Value	Parcels	% of Unsec. AV	Value	% of Total Value	Use Code	% of Incremental Value
1.	CPT Operating Partnership	$16,958,519	2	3.14%			0.00%	$16,958,519	2.84%	Commercial, Institutional	6.24%
2.	Memorial Medical Plaza LLC	$10,913,718	1	2.02%			0.00%	$10,913,718	1.83%	Medical Office	4.01%
3.	Jayden Re LLC	$9,181,529	2	1.70%			0.00%	$9,181,529	1.54%	Commercial	3.38%
4.	SFH LLC	$8,493,168	7	1.58%			0.00%	$8,493,168	1.42%	Medical Offices	3.12%
5.	Golden State Mall LLC	$8,160,000	1	1.51%			0.00%	$8,160,000	1.37%	Commerical	3.00%
6.	Westchester Plaza LLC	$8,118,240	1	1.51%			0.00%	$8,118,240	1.36%	Commercial Office	2.99%
7.	National Retail Properties	$7,642,778	3	1.42%			0.00%	$7,642,778	1.28%	Carwash	2.81%
8.	San Joaquin Community Hospital (2)	$6,192,409	11	1.15%			0.00%	$6,192,409	1.04%	Hospital	2.28%
9.	ACS Education Services Inc.			0.00%	$5,926,683	1	10.15%	$5,926,683	0.99%	Unsecured	2.18%
10.	3MB LLC	$4,593,049	2	0.85%			0.00%	$4,593,049	0.77%	Commercial Shopping Center	1.69%
		$80,253,410	30	14.88%	$5,926,683	1	10.15%	$86,180,093	14.42%		
	Project Area 2008-09 Assessed Value:	$539,225,038			$58,419,341			$597,644,379			
	Project Area Incremental Value Totals:	$241,693,635		33.20%	$30,189,329		19.63%	$271,882,964	31.70%		

(1) 2008-09 top property owners current as of August 15, 2008.
(2) Seventeen additional parcels are tax exempt.

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THE BAKERSFIELD REDEVELOPMENT AGENCY
SOUTHEAST BAKERSFIELD PROJECT AREA

PROJECTED TAXABLE VALUES AND
ANTICIPATED TAX INCREMENT REVENUES
February 19, 2009

I. Introduction

The Bakersfield Redevelopment Agency (the Agency) is proposing to issue two series of bonds, the Tax Allocation Bonds, Series 2009 B (Tax-Exempt – Tax Increment Revenue) and the Tax Allocation Bonds, Series 2009 C Bonds (Taxable – Tax Increment Revenue) (collectively, the Bonds). The Bonds will be secured by a pledge of the tax increment revenues derived from the Southeast Bakersfield Project Area (the Project Area) referred to as the Project Area.

The California Community Redevelopment Law (the Law) provides for the creation of redevelopment agencies by cities and counties for the purpose of the elimination of blight. The Law, together with Article 16, Section 16 of the California Constitution, authorizes redevelopment agencies to receive that portion of property tax revenue generated by project area taxable values that are in excess of the Base Year value. The Base Year value is defined as the amount of the taxable values within the Project Area boundaries on the last equalized tax roll prior to adoption of the Project Area. The amount of current year taxable value that is in excess of the Base Year value is referred to as incremental taxable value. Tax revenues generated from the incremental taxable value are generally referred to as Tax Increment Revenues. The Law provides that the Tax Increment Revenues may be pledged by the Agency to the repayment of Agency indebtedness.

In this report, Tax Increment Revenues, including Unitary Tax Revenue (see Section IV.H, Allocation of State Assessed Unitary Taxes) are referred to as Gross Revenues. Gross Revenues less: SB 2557 County Administrative charges (see Section IV.G, County Collection Charges); the Housing Set-Aside Requirement (see Section V, Low and Moderate Income Housing Set-Aside); tax sharing and any applicable owner participation agreement payments (see Section VII, Tax Sharing Agreements and Other Obligations); and other obligations with a lien on revenue superior to debt service on the bonds; are referred to as Tax Revenues.

The purpose of this Fiscal Consultant's Report (the Report) is to examine the current fiscal year and project for subsequent fiscal years the amount of Tax Revenues to be received by the Agency from the Project Area. As a result of our research, we project the Tax Revenues for the Project Area to be as shown in the table below (000's omitted):

Table I –Project Area Tax Revenues

Fiscal Year	Incremental Value	Gross Revenues	Tax Revenue
2008-09	$455,777	$4,794	**$2,815**
2009-10	460,251	4,819	**2,771**
2010-11	475,810	4,958	**2,440**
2011-12	491,680	5,098	**2,494**
2012-13	507,868	5,241	**2,546**
2013-14	524,379	5,385	**2,601**
2014-15	541,221	5,530	**2,654**
2015-16	558,399	5,678	**2,709**
2016-17	575,921	5,827	**2,764**
2017-18	593,794	5,979	**2,821**

These projections are based on assumptions determined by our review of the taxable value history of the Project Area and the property tax assessment and property tax apportionment procedures of Kern County (the County). Future year assessed values and Tax Revenues are projections based upon the assumptions described in this Report, and are not guaranteed as to accuracy and this Report is not to be construed as a representation of such by HdL Coren & Cone.

II. The Project Area

The Project Area, encompassing 4,577 acres of land in east Bakersfield, was established by Ordinance No. 3905 adopted on June 30, 1999.

A. Land Use

Table II illustrate the breakdown of land use in the Project Area by assessed value and are based on the lien date tax roll for fiscal year 2008-09. Unsecured parcels and Secured Non-Unitary Utilities are shown in brackets because they are, in reality, tax bills that are assigned to secured parcels already accounted for in other categories.

Table II –Project Area Land Use

Category	No. Parcels	Net Taxable Value	% of Total
Residential	4,644	$394,460,367	47.8%
Commercial	590	163,867,409	19.8%
Industrial	220	125,332,637	15.2%
Irrigated	3	88,439	0.0%
Dry Farm	1	39,232	0.0%
Recreational	17	1,341,623	0.2%
Institutional	115	7,945,638	1.0%
Government	24	19,196	0.0%
Miscellaneous	40	7,649,166	0.9%
Vacant Land	885	70,452,703	8.5%
Exempt	183	0	0.0%
Subtotals:	**6,722**	**$771,196,410**	**93.4%**
Unsecured	[515]	53,457,181	6.5%
SBE Non-Unitary	[27]	780,329	0.1%
Totals:		**$825,433,920**	100.0%

B. Redevelopment Plan Limits

The Project Area was adopted under the provisions of the Law enacted by Assembly Bill 1290 in 1993. Under the Law, as amended, project areas adopted after January 1, 1994 terminate their effectiveness not more than 30 years from the date of their adoption. Loans, advances and other forms of indebtedness may not be repaid beyond 45 years following the date of adoption of the redevelopment plan. Redevelopment plans adopted after January 1, 1994 are not required to have limits on the amount of tax increment that may be received annually or over the life of the plan. The Plans do contain limits on the maximum amount of debt to be repaid with tax increment that may be outstanding at one time. The plan limitations for the Project Area are summarized below.

Last Date to Establish New Debt	Termination of Plan Effectiveness	Last Date to Repay Debt with Tax Increment	Limit on Outstanding Tax Allocation Debt
June 30, 2019	June 30, 2029	June 30, 2044	$94 million

III. Project Area Assessed Values

A. Assessed Values

Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties, which are part of the Project Area. The assessments are assigned to respective Tax Rate Areas (each, a TRA) that are coterminous to the boundaries of the Project Area. The historic reported taxable values for the Project Area were reviewed in order to ascertain the rate of taxable property valuation growth over the current year and the most recent six fiscal years beginning with 2003-04 (see Table 3).

Growth in assessed value of the Project Area from the 1998-99 base year, as revised in 2007-08 to 2008-09 was $455,776,707 (123.30%). Between 2003-04 and 2008-09, the Southwest Project assessed values increased by $372,958,811 (82.43%). This growth has been led by additions to secured values. From 2003-04 through 2008-09 secured values have increased by $356,334,360 (85.73%). Growth of the secured values was primarily due to new residential, commercial and industrial development. With the exception of 2004-05, unsecured value have increased in every year from 2003-04 through 2008-09. From 2004-05 to 2008-09, unsecured values have increased by $16,624,451 (45.14%).

Spurred by falling home prices, approximately 40,000 homes sold in Kern County between July 1, 2005 and June 30, 2007 were examined by the Assessor for Proposition 8 adjustments. According to the Assessor, approximately 40,000 homes have experienced adjustments downwards in their assessed value to more accurately reflect the market level, resulting in approximately $2.7 billion value reduction County-wide. The County Assessor is continuing to follow the housing market and, at this time, recognizes there could be additional homes experiencing adjustments for the lien date of January 1, 2009.

B. Top Ten Taxable Property Owners

A review of the top ten taxpayers in the Project Area for fiscal year 2008-09 was conducted. The aggregate total taxable value for the ten largest taxpayers totaled $110,021,726. This amount is 13.31% percent of the total assessed value and 24.14% of the increment value of the Project Area. The top taxpayer in the Project Area is an office building owned by Nakanogumi Corp SBD Group Inc., on two secured parcels with a value of $28,835,758. The value of the Nakanogumi parcels is 3.49% of the total assessed value and 6.33% of the Project Area's incremental value. Details on the top ten taxpayers are contained on the attached Table 5.

IV. Tax Allocation and Disbursement

A. Property Taxes

The taxable values of secured and unsecured property are established each year on the January 1 property tax lien date. The values established on the lien date are the values to be enrolled for the coming fiscal year. Real Property reflects the reported assessed values for secured and unsecured land and improvements. Pursuant to Article XIIIA of the State Constitution, the value of locally assessed Real Property may only be increased up to two percent annually to reflect inflation. In most cases Real Property values are permitted to increase to full, current market value as a result of a change of ownership or new construction. Utility properties assessed by the State Board of Equalization may be revalued annually and such assessments are not subject to the inflation limitations of Article XIIIA. The taxable value of Personal Property is also established on the lien date and is not subject to the annual two percent limit of locally assessed Real Property.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate.

B. Supplemental Assessments

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment. It is determined by applying the current year's tax rate to the amount of increase in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property. Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Tax Revenues by taxing entities typically follows the change of ownership by a year or more. In the Project Area the Agency received supplemental revenues totaling $713,412 and $563,113 for fiscal years 2006-07 and 2007-08, respectively. We have **not** included projected amounts of revenue that could result from Supplemental Assessments in our projections.

C. Tax Rates

The Project Area is comprised of a total of 37 Tax Rate Areas (TRAs). A TRA is a geographic area within which the taxes on all property are levied by a certain set of taxing entities. These taxing entities each receive a prorated share of the general levy and those taxing entities with voter-approved over-ride tax rates receive the revenue resulting from that tax rate.

Tax rates will vary from area to area within the State, as well as within a community and a project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of $1.00 per $100 of taxable values and the over-ride tax rate. The over-ride rate is that portion of the tax rate which exceeds the general levy tax rate and is levied to pay voter-approved indebtedness or contractual obligations that existed prior to the enactment of Proposition XIII.

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote of the electorate. A subsequent amendment of the Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from over-ride tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. The over-ride tax rates typically decline each year as a result of (1) increasing property values (which would reduce the over-ride rate that must be levied to meet debt service) and (2) the eventual retirement of debt over time. For all of the Project Area TRAs, pre-1989 over-ride tax rates include debt levied for the Kern County Water Agency of 0.049469 per $100 of assessed value. All the TRAs also contain over-ride service debt rates for various school districts that were approved after 1988 and do not contribute revenue to the Agency. The tax rate on unsecured property value in the current year is the secured tax rate from the prior year. The secured tax increment projections are based on the published tax rates for 2008-09.

Within the various TRAs within the Project Area, there is only one applicable secured tax rate applicable to the Project Area tax increment, as illustrated by Table III below. For the purposes of the projections, the tax rate of 1.049469% declines to 1% over ten years.

Table III

	Tax Rate Area
General Levy	1.000000
Kern County Water Agency	0.049469
Total RDA Eligible Tax Rate:	**1.049469**

D. Allocation of Taxes

Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due August 1 and become delinquent August 31. The County disburses tax increment revenue to redevelopment agencies in monthly payments made August through July, with approximately 50 percent of annual revenue paid by December. The Agency does not participate in a Teeter Plan. The County bases its remittances on collections.

E. Annual Tax Receipts to Tax Levy

A review was made of the receivable and allocated tax revenues for the Project Area for fiscal years 2003-04 through 2007-08. Table IV below shows the collection rates for the Project Area during these fiscal years. Collection rates are a comparison of annual revenues apportioned to a project area to the amount collected for the apportionment year. Revenues collected in July accrue to the previous fiscal year. A collection rate of over 100 percent reflects the fact that roll changes occurred after the lien date that increased assessed values and resulted in a greater amount of revenue. Amounts under the heading Prior Year Collections include supplemental revenues and redemption payments and do not include July payments.

Table IV
Project Area

Collection Rates for Prior Years						
	Original Tax Levy	Current Year Apportioned	Prior Year Collections	Total Apportioned	Current Year Collection %	Total Collection %
2003-04	$ 749,124	$ 704,126	$ 50,962	$ 755,088	93.99%	100.80%
2004-05	998,418	937,340	68,708	1,006,048	93.88%	100.76%
2005-06	1,653,417	1,552,711	116,300	1,669,012	93.91%	100.94%
2006-07	2,785,178	2,558,260	143,283	2,701,543	91.85%	97.00%
2007-08	4,211,172	3,682,180	274,405	3,956,585	87.44%	93.95%

F. Assessment Appeals

Assessment appeals granted under Section 51 of the Revenue and Taxation Code (also known as Prop 8 Appeals) require that, for each subsequent lien date, the value of real property shall be adjusted to be the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions to residential assessed values have occurred in most counties due to adjustments to residential market value. Most of these reductions in value have affected residential properties that were sold during the 2004 through 2007. Reductions made under this code section may be initiated by the Assessor or requested by the property owner. After a roll reduction is granted under Section 51, the property is reviewed on an annual basis to determine the full cash value of the property and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases shall be consistent with the full cash value of the property and, as a result, may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation it, once again, is subject to the annual inflationary factor growth rate allowed under Article XIIIA. (See Section X). The Assessor has reviewed the values of 40,000 residential parcels within the County that were purchased between January 2004 and December 2007. This has resulted in Prop 8 reductions totaling $2.9 billion for 2008-09. The impact of these actions on the Project Area is relatively small but recovery of these value losses may occur over a number of years.

Assessment appeals may also be requested as adjustments to a property's base year value. If such an appeal is granted with a change in value, the base year value of the property is adjusted accordingly and that value is subsequently adjusted for new construction, demolition and any other changes requiring revaluation of the parcel's land, improvement and personal property values and by the annual inflationary factor growth rate allowed under Article XIIIA.

There are no outstanding assessment appeals by any of the top ten taxpayers within the Project Area. There is one pending appeal in the Project Area, filed by property owners that are not among the top ten taxpayers.

G. County Collection Charges

Chapter 466 of the Statutes of 1990 allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. The County collection charges for 2007-08 were $55,421 for the Project Area. For purposes of our projections, we have assumed that the County will continue to charge the Agency for property tax administration and that such charge will annually equate to 1.28% of the Project Area's Gross Revenue for the remainder of the Projections (see Tables 1 and 2).

H. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921) provided for a modification of the distribution of tax revenue derived from unitary property owned by utilities (except railroads) and assessed by the State Board of Equalization (SBE). Unitary property is property owned by a utility and used in the operating function of the utility. Non-unitary property is property owned by a utility and not used in the functioning of the utility. Non-unitary property appears on the tax rolls as secured utility property.

Prior to the 1988-89 fiscal year, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a TRA. Commencing in 1988-89, tax revenues derived from unitary property are accumulated in a single TRA for the county and distributed to each taxing entity in the county in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to two percent; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenue above two percent would be allocated to all taxing jurisdictions in the county by a ratio determined by dividing each taxing entity's share of the county's total secured tax levies for the prior year by the total secured levy of the county, exclusive of debt service.

For fiscal year 2008-09, the County Auditor-Controller will allocate $9,611 in unitary revenue to the Project Area. We have assumed the Agency will annually receive the same amount in future years.

V. Low and Moderate Income Housing Set-Aside

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

VI. Legislation

SB 211 was signed into law as Chapter 741, Statutes of 2001. This legislation has two main impacts on the limits contained in an agency's redevelopment plan. First, a city council may eliminate the time limit to establish indebtedness in redevelopment project areas adopted prior to January 1, 1994 by ordinance. If a redevelopment plan is so amended, any existing tax sharing agreements will continue and certain statutory tax sharing for entities without tax sharing agreements will commence in the year the eliminated limit would have taken effect. Second, a city council may extend the time limit for plan effectiveness and repayment of debt for up to ten years if it can make certain specified findings. Because the Project Area was adopted after the effective date AB1290, the Project Area is not subject to the effects of SB211.

In order to address State Budget deficits, the Legislature enacted SB 614, SB 844 and SB 1135 that required payments from redevelopment agencies for the 1992-93, 1993-94 and 1994-95 fiscal years into a countywide ERAF. An agency could have used any funds legally available and not legally obligated for other uses, including reserve funds, bond proceeds, earned income, and proceeds of land sales, but not moneys in the Low and Moderate Income Housing Fund (the Housing Fund) to satisfy this obligation. An agency could have reduced its payment due to existing indebtedness, contractual obligations and 90 percent of 1991-93 administrative costs (collectively, Existing Obligations). If an agency could not make the required payment due to Existing Obligations, it could have borrowed up to 50 percent of its 1992-93 contribution to the Housing Fund (which must be repaid within ten years), or the agency was required to obtain a loan from the city/county in order to pay the difference between what the agency pays and the total amount due. For agencies that did not borrow to meet any shortfall of the required payment, the county auditor-controller was required to deduct any amount due from the city/county's allocation of property taxes. This obligation applied to the agency and not to specific redevelopment project areas. According to the Agency, it has no outstanding ERAF obligations. In addition to the payments from redevelopment agencies periodic State budget solutions have involved the shifting of property tax revenues from cities, counties and special districts to the ERAF.

From 1994-95 to 2001-02 State Budgets were adopted with no additional shifting of tax increment from redevelopment agencies; however, the 2002-03 State Budget required a shift of $75 million of tax increment statewide from redevelopment agencies to ERAF to meet the State budget shortfall. AB 1768 (Chapter 1127, Statutes of 2002) was enacted by the Legislature and signed by the Governor and based upon the methodology provided in the 2002-03 State Budget, the shift requirement for the Agency was $75,458 for fiscal year 2002-03 only. The Agency made the required payment without impacting its payment of debt service and other obligations.

As part of the State's 2003-04 budget legislation, SB 1045 (Chapter 260, Statutes of 2003) required redevelopment agencies statewide to contribute $135 million to local county ERAFs which reduced the amount of State funding for schools. This transfer of funds was limited to Fiscal Year 2003-04 only. The amount of revenue that was transferred by the Agency to the Kern County ERAF for 2003-04 was $132,543. The Agency made this payment to the County by the May 10, 2004 deadline without impacting its payment of debt service on existing indebtedness.

Under the Law, as amended by SB 1045, the Agency was authorized to use a simplified methodology to amend the individual redevelopment plans to extend by one year the effectiveness of the plan and the time during which the Agency may repay debt with tax increment revenues. In addition, the amount of this payment and the ERAF payments made in prior years may be deducted from the amount of the Project Area cumulative tax increment revenues. The Agency intends to extend the Plans in the future pursuant to SB 1045. These extensions of time are not reflected in the projections and in the Project Area limits shown in Section II B.

After the State's budget for 2004-05 was approved by the Legislature and signed by the Governor, Senate Bill 1096 was adopted. Pursuant to SB 1096, redevelopment agencies within the State paid a combined total of $250 million to ERAF in each of fiscal years 2004-05 and 2005-06 using the same formula as was used for 2003-04. Annual payments were due on May 10 of each fiscal year. As in previous years, payments were allowed to be made from any available funds other than the Housing Fund. If an agency was unable to make a payment, it was allowed to borrow up to 50 percent of the current year Housing Set-Aside Revenues, however, such borrowed amounts must be repaid to the Housing Fund within 10 years of the last ERAF payment (May 10, 2006). The Agency's portion of the statewide ERAF requirement for 2004-05 was $248,051. The Agency's 2005-06 payment amount was $286,573. The ERAF requirements were subordinate to the payment of debt service on existing bonds and the Agency made such payments on time.

SB 1096 made provision for extensions of project area effectiveness of one year for each of the two payments required. For project areas that have less than 10 years of plan effectiveness remaining after June 30, 2005, a one year extension is authorized. For project areas that have more than 10 years and less than 20 years of plan effectiveness remaining after June 30, 2005, a one year extension is authorized if the city council can make certain findings that the redevelopment agency is in compliance with specified state housing requirements. These requirements are: 1) that the redevelopment agency is setting aside 20 percent of gross tax increment revenue; 2) housing implementation plans are in place; 3) replacement housing and inclusionary housing requirements are being met; and, 4) no excess surplus exists. For those project areas with more than 20 years of plan effectiveness remaining after June 30, 2005 no extension of time is authorized.

The Legislature has now enacted AB 1389 to require a $350 million shift for 2008-09 from redevelopment agencies to ERAF. There will be no repayment of this amount, nor any extensions of redevelopment plan limits. The Housing Set Aside Requirement will not apply to the amount paid for the ERAF. The amount the Agency will be required to pay is $571,840. The payment may come from any available Agency revenues. A redevelopment agency may borrow up to 50 percent from its current year Housing Set-Aside Requirement for purposes of making the ERAF payment. The ERAF payment is subordinate to all bonded debt issued by a redevelopment agency. A redevelopment agency that cannot make the payment due to existing indebtedness may borrow from their legislative body. Failure to make the ERAF payment will result in penalties that effectively stop new activities of a redevelopment agency.

The Agency cannot predict whether the State Legislature will enact any other legislation requiring additional or increased future shifts of tax increment revenues to the State and/or to schools, whether through an arrangement similar to ERAF or by other arrangements, and, if so, the effect on future Tax Revenues.

Legislation, AB 1389, enacted with the 2008-09 State Budget requires redevelopment agencies to report their statutory payments pursuant to AB 1290 and SB 211 to their county auditors. Redevelopment agencies are to report to their county auditors their Statutory Payments by each project area, and each taxing agency for each of past five years (2003-04 through 2007-08) by October 1, 2008, and annually by October 1st for the next six years. This information is to be consolidated by the counties and reported to the State Controller. The State Controller is then responsible for disseminating the appropriate information, including redevelopment agencies whose calculations are determined by the counties to not be in concurrence with the requirements of AB 1290, to the Legislative Analyst, the State Department of Finance, the State Board of Education, and the Board of Governors of the California Community Colleges.

In the event of a dispute the redevelopment agency has 15 days to revise and resubmit its report, submit a statement of dispute identifying the issues, amend the report, or submit the report to the State Controller with the county's analysis. The legislation allows the State Controller to revoke a county finding of concurrence and direct an agency to resubmit a report to the county if the Controller finds significant errors in the report. When the State Controller submits its report to the Legislative Analyst and the Department of Finance it is required to summarize the statements of dispute including whether the Controller or other state entity has provided instructions as to how these disputes should be resolved. Ultimately, for agencies with unresolved disputes, the State Controller with the concurrence of the State Director of Finance, may waive the penalties and interest charges for late payments (see Penalties and Interest below) for 12 months for agencies that filed a statement of dispute that, in the opinion of the Controller, is likely to be resolved in a manner consistent with an agency's position.

After February 1, 2009, an agency listed on the most recent State Controller's report for which the county has not issued a finding of concurrence or that has outstanding Statutory payments to a local educational agency, will be subject to penalties and interest charges. The penalties, would prevent the agency from adding new project areas or expanding existing areas, issuing new bonds or other obligations including refunding, encumbering or expending any funds derived from any source except to pay existing loans, contractual obligations, tax-sharing agreements or housing set-aside deposits. Administrative costs would be limited 75 percent of the average monthly amount spent on administration in the previous fiscal year.

Such identified agencies would also incur interest costs on any Statutory Payment that is not paid by 60 days after the close of the fiscal year in which the pass-through payment was required. The interest rate would be 150 percent of the current Pooled Money Investment Account earnings annual yield beginning 60 days after the close of the fiscal year for which the Statutory Payment was due. The State Controller, with the concurrence of the State Director of Finance may waive the penalties and interest for up to 12 months for agencies identified by as not in concurrence when a dispute by an agency that is likely to be sustained, when the agency has paid the local educational agencies or had the county withhold a disputed amount, or if the agency would sustain a fiscal hardship if it made the payments in the amount estimated by the county auditor.

Since AB 1389 was enacted on September 30th, one day before the first deadline, it is taking redevelopment agencies, counties and the State Controller longer to review the calculations than specified in the legislation. Kern County has concurred with the Agency's calculations.

VII. Tax Sharing Agreements and Other Obligations

A. Statutory Tax Sharing

The Project Area was adopted after January 1, 1994 and is, therefore, subject to the statutory tax sharing payments mandated in the Law as amended by Assembly Bill 1290. These tax-sharing payments are set by statute and are not negotiated. A prescribed portion of the Agency's tax increment revenue must be shared with all taxing entities within the Project Area. This defined tax-sharing amount has three tiers. The first tier began with the first year that the Project Area received tax increment revenue and continues for the life of the Project Area. This first tier tax-sharing amount is 25 percent of the Agency's gross tax increment revenue net of the Housing Set-Aside Requirement. The City of Bakersfield may elect to receive its share of this first tier of tax-sharing payments. If the City does not elect to receive its share, that amount of the tax sharing payment will remain with the Agency.

The second tier begins in the eleventh year after the Agency first receives tax increment revenue. This second tier is 21 percent of the tax increment revenue, net of the Housing Set-Aside Requirement, that is derived from the growth in assessed value that is in excess of the assessed value of the project area in year ten. The City may not receive a share of the second tier tax-sharing payments.

The third tier begins in the 31st year after the Agency first receives tax increment revenue. This third tier is 14 percent of the tax increment revenue, net of the Housing Set-Aside Requirement that is derived from the growth in assessed value that is in excess of the assessed value of the Project Area in the 30th year. The City may not receive a share of the third tier tax-sharing payments. These three tiers of tax sharing are calculated independent of one another and continue from their inception through the life of the Project Area.

B. U.S. Department of Housing and Urban Development

The Agency has committed tax increment funds to the repayment of loans from the U.S. Department of Housing and Urban Development (HUD). The Agency contracted for loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974 to finance activities in the Old Town Project connection with a mixed-use project. From the Project Area, to help finance a fire station the Agency has incurred a $1,600,000 Section 108 HUD loan to be paid over 20 years. To help finance the Mill Creek South Mixed Use Project in the Project Area, the Agency entered into another agreement with HUD to repay $3,750,000 over a 20 year term. This loan is established at a variable interest rate which may be converted to a fixed at the first year. We have assumed a 5.5% annual interest for repayment of the loan.

VIII. New Development

A review of recent transfers of ownership has been conducted and a number of transfers were found to have occurred after the January 1, 2008 lien date for the current fiscal year. These transfers of ownership occurred from January 1, 2008 through August 15, 2008. As a result, the sales values on these transfers of ownership are expected to be reflected in the tax rolls for 2009-10.

Within the Project Area, 110 transfers of ownership were found. Of the 110 transfers, 57 are sales of foreclosed properties and two are sales to tax-exempt entities. These transfers of ownership are expected to add $331,206 in new value to the 2009-10 tax roll for the Project Area. Based on data provided by DataQuick, there are 158 parcels in foreclosure with outstanding mortgages that may result in a reduction of $11,326,855. The impacts of these transfers are included in the Projections of Incremental Taxable Value and Tax Increment Revenue and shown in detail on Table 4 (New Development).

IX. Trended Taxable Value Growth

Growth in real property land and improvement values have been limited to an assumed rate of growth of real property taxable values of two percent annually as allowed under Article XIIIA of the State Constitution. A two percent growth rate has been assumed because it is the maximum inflationary growth rate permitted by law and this rate of growth has been achieved in all but five years since 1981. The years in which less than two percent growth was realized were 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%) and 2004-05 (1.867%). If in future years the growth of taxable value in the project area is less than two percent, the resultant Tax Increment Revenues would be reduced.

As a result of the recent nationwide increase in defaults on residential mortgages there has been concern expressed in the financial market over the possible impact that these defaults may have on redevelopment agency revenues in general. Reliable information on foreclosure activity is difficult to find and what information that is available is not readily applicable to discrete areas within cities and redevelopment project areas. Much of the information available is segregated by county or ZIP code.

The Project Area contained less than 7% of the total parcels within the City and less than 6% of the total residential parcels within the City. Based on this information it seems unlikely that foreclosures within the Project Area will have a significant impact on the Project Area's assessed values and revenues.

According to transfer of ownership reported by DataQuick, there have been 259 parcels within the Project Area that appear to have foreclosure activity. Of the 215 parcels, 57 parcels have been sold resulting in $3,199,583 value reduction and 158 parcels are yet to be sold.

HdL Coren & Cone make no representation that taxable values will actually grow at two percent. Future values will also be affected by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on reduced market values could increase more than two percent when real estate values increase more than two percent (see Section IV A above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this report might also impact property taxes and Tax Increment Revenue. HdL Coren & Cone makes no representation that taxable values will actually grow at the rate projected. Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other County Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the Kern County Assessor and Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the individual appraiser's judgment. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

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Bakersfield Redevelopment Agency
Southeast Bakersfield Redevelopment Project
Projection of Incremental Taxable Value & Tax Increment Revenue

19-Feb-09

(000's Omitted)

Table 1 - Southeast Project

Taxable Values (1)		**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2016-17**
Real Property (2)		773,480	777,954	793,513	809,383	825,571	842,083	858,924	876,103	893,625	911,497
Personal Property (3)		51,954	51,954	51,954	51,954	51,954	51,954	51,954	51,954	51,954	51,954
Total Projected Value		**825,434**	**829,908**	**845,467**	**861,337**	**877,525**	**894,036**	**910,878**	**928,056**	**945,578**	**963,451**
Taxable Value over Base	**369,657**	**455,777**	**460,251**	**475,810**	**491,680**	**507,868**	**524,379**	**541,221**	**558,399**	**575,921**	**593,794**
Gross Tax Increment Revenue (4)		4,784	4,809	4,948	5,089	5,231	5,375	5,521	5,668	5,818	5,969
Unitary Tax Revenue		10	10	10	10	10	10	10	10	10	10
Gross Revenues		**4,794**	**4,819**	**4,958**	**5,098**	**5,241**	**5,385**	**5,530**	**5,678**	**5,827**	**5,979**
LESS											
SB 2557 Admin. Fee (5)		(61)	(62)	(63)	(65)	(67)	(69)	(71)	(73)	(75)	(77)
HUD Loan - Fire Station (6)		0	(58)	(60)	(62)	(65)	(67)	(71)	(74)	(78)	(81)
HUD Loan - Millcreek South (7)		0	0	(383)	(383)	(383)	(383)	(383)	(383)	(383)	(383)
Tax-Sharing											
Taxing Entity Pass Throughs Tier 1 (8)		(959)	(964)	(992)	(1,020)	(1,048)	(1,077)	(1,106)	(1,136)	(1,165)	(1,196)
Taxing Entity Pass Throughs Tier 2 (8)		0	0	(27)	(55)	(82)	(110)	(139)	(167)	(196)	(226)
Tax Revenues		**3,774**	**3,735**	**3,432**	**3,513**	**3,595**	**3,678**	**3,760**	**3,845**	**3,930**	**4,016**
Housing Set Aside Tax Revenue (9)		**959**	**964**	**992**	**1,020**	**1,048**	**1,077**	**1,106**	**1,136**	**1,165**	**1,196**
Non-Housing Set-Aside Tax Revenues		**2,815**	**2,771**	**2,440**	**2,494**	**2,546**	**2,601**	**2,654**	**2,709**	**2,764**	**2,821**

(1) Taxable values as reported by Kern County
(2) Real property consists of land and improvements. Increased for transfer sales and decreased for estimated value loss due to foreclosure activity (see Table 4 - Southeast Project) and increased 2% annually for inflation.
(3) Personal property is held constant at 2008-09 value.
(4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate of 1.053307% declining to 1% over ten years.
(5) County Administration fee is estimated at 1.28% of Gross Revenue.
(6) HUD loan of $1,600,000 to be paid over 20 years.
(7) The Agency is committed to repay a $3,750,000 HUD loan over 20 years.
(8) All Taxing Entities receive their shares of 25% of total tax increment revenue net of housing set aside. In addition, after year 10 Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of housing set aside. Starting year 31 Taxing Entities receive 14% of tax revenue on incremental value above the year 30 net of housing set-aside.
(9) Housing Set Aside calculated at 20% of Gross Revenue.

Bakersfield Redevelopment Agency
Southeast Bakersfield Redevelopment Project
PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

19-Feb-09

(000s Omitted)

Table 2 - Southeast Project

		Total Taxable Value	Taxable Value Over Base 369,657	Gross Tax Revenue (a)	SB 2557 Charge	AB 1290 Statutory Tax Sharing Tier 1	Tier 2	Tier 3	HUD Loans	Net Tax Revenues	Tax Revenues Components: Housing Set-Aside Tax Revenues	Tax Increment Revenues
1	2008-09	825,434	455,777	4,794	(61)	(959)	0	0	0	**3,774**	**959**	**2,815**
2	2009-10	829,908	460,251	4,819	(62)	(964)	0	0	(58)	**3,735**	**964**	**2,771**
3	2010-11	845,467	475,810	4,958	(63)	(992)	(27)	0	(443)	**3,432**	**992**	**2,440**
4	2011-12	861,337	491,680	5,098	(65)	(1,020)	(55)	0	(445)	**3,513**	**1,020**	**2,494**
5	2012-13	877,525	507,868	5,241	(67)	(1,048)	(82)	0	(448)	**3,595**	**1,048**	**2,546**
6	2013-14	894,036	524,379	5,385	(69)	(1,077)	(110)	0	(450)	**3,678**	**1,077**	**2,601**
7	2014-15	910,878	541,221	5,530	(71)	(1,106)	(139)	0	(454)	**3,760**	**1,106**	**2,654**
8	2015-16	928,056	558,399	5,678	(73)	(1,136)	(167)	0	(457)	**3,845**	**1,136**	**2,709**
9	2016-17	945,578	575,921	5,827	(75)	(1,165)	(196)	0	(461)	**3,930**	**1,165**	**2,764**
10	2017-18	963,451	593,794	5,979	(77)	(1,196)	(226)	0	(464)	**4,016**	**1,196**	**2,821**
11	2018-19	981,681	612,024	6,132	(78)	(1,226)	(255)	0	(469)	**4,102**	**1,226**	**2,876**
12	2019-20	1,000,275	630,618	6,316	(81)	(1,263)	(286)	0	(474)	**4,211**	**1,263**	**2,948**
13	2020-21	1,019,242	649,585	6,506	(83)	(1,301)	(318)	0	(479)	**4,324**	**1,301**	**3,022**
14	2021-22	1,038,588	668,930	6,699	(86)	(1,340)	(351)	0	(485)	**4,437**	**1,340**	**3,098**
15	2022-23	1,058,320	688,663	6,896	(88)	(1,379)	(384)	0	(491)	**4,554**	**1,379**	**3,174**
16	2023-24	1,078,448	708,790	7,098	(91)	(1,420)	(418)	0	(497)	**4,672**	**1,420**	**3,253**
17	2024-25	1,098,978	729,320	7,303	(93)	(1,461)	(452)	0	(504)	**4,792**	**1,461**	**3,332**
18	2025-26	1,119,918	750,261	7,512	(96)	(1,502)	(487)	0	(512)	**4,914**	**1,502**	**3,412**
19	2026-27	1,141,277	771,620	7,726	(99)	(1,545)	(523)	0	(520)	**5,038**	**1,545**	**3,493**
20	2027-28	1,163,064	793,407	7,944	(102)	(1,589)	(560)	0	(383)	**5,310**	**1,589**	**3,721**
21	2028-29	1,185,286	815,629	8,166	(105)	(1,633)	(597)	0	0	**5,831**	**1,633**	**4,198**
22	2029-30	1,207,953	838,295	8,393	(107)	(1,679)	(635)	0	0	**5,972**	**1,679**	**4,293**
23	2030-31	1,231,073	861,415	8,624	(110)	(1,725)	(674)	(26)	0	**6,089**	**1,725**	**4,364**
24	2031-32	1,254,655	884,998	8,860	(113)	(1,772)	(714)	(52)	0	**6,208**	**1,772**	**4,436**
25	2032-33	1,278,709	909,052	9,100	(117)	(1,820)	(754)	(79)	0	**6,330**	**1,820**	**4,510**
26	2033-34	1,303,244	933,587	9,346	(120)	(1,869)	(795)	(107)	0	**6,455**	**1,869**	**4,586**
27	2034-35	1,328,270	958,613	9,596	(123)	(1,919)	(837)	(135)	0	**6,582**	**1,919**	**4,663**
28	2035-36	1,353,796	984,139	9,851	(126)	(1,970)	(880)	(163)	0	**6,711**	**1,970**	**4,741**
29	2036-37	1,379,833	1,010,176	10,111	(129)	(2,022)	(924)	(193)	0	**6,843**	**2,022**	**4,821**
30	2036-37	1,406,391	1,036,733	10,377	(133)	(2,075)	(968)	(222)	0	**6,978**	**2,075**	**4,903**
	Totals			**215,861**	**(2,764)**	**(43,172)**	**(12,815)**	**(977)**	**(8,502)**	**147,632**	**43,172**	**104,459**

Footnotes: see Table 1

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Bakersfield Redevelopment Agency
Southeast Bakersfield Redevelopment Project
HISTORICAL VALUES (1)

19-Feb-09

Table 3 - Southeast Project

Secured (2)	Base Year 1998-99	2003-04	2004-05	2005-06	2006-07	Revised Base Year 1998-99	2007-08	Adjusted 2007-08 (3)	2008-09
Land	0	127,930,223	133,630,675	153,175,119	192,445,089	0	237,050,119	236,549,254	255,250,866
Impts	345,942,534	322,405,892	345,692,230	405,312,945	499,519,586	344,627,488	577,648,200	576,427,683	617,413,907
Pers Prop	0	11,484,024	12,023,677	12,569,040	13,087,497	0	19,335,482	19,294,628	18,305,829
Exemptions	0	(46,177,760)	(57,295,987)	(67,232,565)	(97,121,638)	0	(101,837,596)	(101,622,423)	(118,993,863)
Total Secured	**345,942,534**	**415,642,379**	**434,050,595**	**503,824,539**	**607,930,534**	**344,627,488**	**732,196,205**	**730,649,143**	**771,976,739**
Unsecured									
Land	0	5,393,311	5,380,547	5,488,755	5,819,447	0	5,935,812	6,040,567	9,300,765
Impts	0	3,445,360	3,309,923	3,602,165	6,743,443	0	6,466,826	6,580,952	10,508,465
Pers Prop	25,029,725	28,646,734	25,226,576	24,940,221	27,971,359	25,029,725	38,179,075	38,852,856	34,809,760
Exemptions	0	(652,675)	(935,847)	(978,607)	(1,035,369)	0	(939,215)	(955,790)	(1,161,809)
Total Unsecure	**25,029,725**	**36,832,730**	**32,981,199**	**33,052,534**	**39,498,880**	**25,029,725**	**49,642,498**	**50,518,584**	**53,457,181**
GRAND TOTAL	**370,972,259**	**452,475,109**	**467,031,794**	**536,877,073**	**647,429,414**	**369,657,213**	**781,838,703**	**781,167,727**	**825,433,920**
County Reported Values (1)		445,849,159	467,031,794	536,877,073	647,429,414		781,167,727		825,433,920
Incremental Value:		81,502,850	96,059,535	165,904,814	276,457,155		412,181,490	411,510,514	455,776,707
Percentage Increase/(Decrease)			17.86%	72.71%	66.64%			48.85%	10.76%

(1) Source: County of Kern Lien Date Rolls
(2) Secured values include state assessed non-unitary utility property.
(3) HdLCC data does not reconcile with County reported values. For projection purposes, HdLCC values adjusted proportionately to reflect County Values.

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Bakersfield Redevelopment Agency
Southeast Bakersfield Redevelopment Project
New Development

19-Feb-09

Table 4 - Southeast Project

000's omitted

REAL	**SqFt/ Units**	**Value**	**Total Value**	**Less Existing**	**Total Value Added**	**Start**	**Complete**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**
	0	$0	$0	0	0			0	0	0	0	0	0
	0	$0	$0	0	0			0	0	0	0	0	0
	0	$0	$0	0	0			0	0	0	0	0	0
	0	$0	$0	0	0			0	0	0	0	0	0
Transfer Sales (Jan. 1 -Aug 15, 2008)	110	$0	$17,367,199	17,035,993	331		Completed	331	0	0	0	0	0
Trust Transactions (Foreclosure)	158	$0	$18,581,285	29,908,140	(11,327)			(11,327)	0	0	0	0	0
Total Real Property:			35,948,484	46,944,133	(10,996)			(10,996)	0	0	0	0	0
					Adj. Annually for Inflation @		2.0%		0	0	0	0	0
PERSONAL						**Start**	**Complete**						
	0	0	0	0	0			0	0	0	0	0	0
	0	0	0	0	0			0	0	0	0	0	0
	0	0	0	0	0			0	0	0	0	0	0
Total Personal Property:			0	0	0			0	0	0	0	0	0
Total Real and Personal Property:								**(10,996)**	**0**	**0**	**0**	**0**	**0**

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Bakersfield Redevelopment Agency
Southeast Bakersfield Redevelopment Project
TOP TEN TAXABLE PROPERTY OWNERS (1)

19-Feb-09

Table 5 - Southeast Project

		Secured			Unsecured			Total			
		Value	Parcels	% of Sec. AV	Value	Parcels	% of Unsec. AV	Value	% of Total Value	Use Code	% of Incremental Value
1.	Nakanogumi Corp. SBD Group Inc.	$28,835,758	2	3.74%			0.00%	$28,835,758	3.49%	Office Building	6.33%
2.	UCM Titan Bakersfield Industrial	$12,811,200	4	1.66%			0.00%	$12,811,200	1.55%	Industrial, Warehouse	2.81%
3.	Calcot Limited	$12,491,648	4	1.62%			0.00%	$12,491,648	1.51%	Industrial, Warehouse	2.74%
4.	Crystal Geyser Water Company	$11,315,574	1	1.47%			0.00%	$11,315,574	1.37%	Bottling Plant	2.48%
5.	Bright House Networks LLC			0.00%	$9,027,025	1	16.89%	$9,027,025	1.09%	Unsecured	1.98%
6.	New Albertsons Inc.	$8,535,135	1	1.11%			0.00%	$8,535,135	1.03%	Market	1.87%
7.	California Water Service Company	$7,092,479	30	0.92%			0.00%	$7,092,479	0.86%	Water Company	1.56%
8.	Fleming Companies	$6,946,633	1	0.90%			0.00%	$6,946,633	0.84%	Market	1.52%
9.	Sierra International Michinery Inc.	$0	0	0.00%	$6,609,037	1	12.36%	$6,609,037	0.80%	Unsecured	1.45%
10.	South Kern Machinery Inc.	$6,357,237	3	0.82%			0.00%	$6,357,237	0.77%	Light Manufacting, Vacant	1.39%
		$94,385,664	46	12.23%	$15,636,062	2	29.25%	$110,021,726	13.33%		
	Project Area 2008-09 Assessed Value:	$771,976,739			$53,457,181			$825,433,920			
	Project Area Incremental Value Totals:	$427,349,251		22.09%	$28,427,456		55.00%	$455,776,707	24.14%		

(1) 2008-09 top property owners current as of August 15, 2008.

f:\bond services\tax allocation bonds\bakersfield 2008 housing\projection 4 - cm

APPENDIX D

BAKERSFIELD REDEVELOPMENT AGENCY
COMPONENT UNIT FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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BAKERSFIELD REDEVELOPMENT AGENCY
BAKERSFIELD, CALIFORNIA

COMPONENT UNIT FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

Prepared by: Finance Department
Nelson K. Smith
City Finance Director
Finance Officer of the Agency

BAKERSFIELD REDEVELOPMENT AGENCY

MEMBERS OF THE AGENCY

JUNE 30, 2008

Fredrick Prince
Chair of the Agency

Philip Bentley
Vice-Chair

Larry Pickett

Larry Koman

Danny Ordiz

Sara Takii

Alan Tandy, City Manager and Executive Director of the Agency
Donna L. Kunz, Deputy Executive Director of the Agency
Virginia Gennaro, City Attorney and Agency Counsel
Nelson K. Smith, City Finance Director, Finance Officer of the Agency
Pamela McCarthy, City Clerk and Secretary to the Agency

BAKERSFIELD REDEVELOPMENT AGENCY
COMPONENT UNIT FINANCIAL REPORT
June 30, 2008
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Table of Contents - Continued

November 26, 2008

Members of the Agency and Executive Director
Bakersfield Redevelopment Agency

The Component Unit Financial Report of the Bakersfield Redevelopment Agency (Agency) for the fiscal year ended June 30, 2008, is submitted herewith. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with this department. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Agency as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Agency's financial affairs have been included.

Accounting System

In developing and evaluating the Agency's accounting system, consideration is given to the adequacy in internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognized that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Agency's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Reporting Entity

This Agency of the City of Bakersfield was created pursuant to the Community Redevelopment Law (Section 33000 of the Health and Safety Code of the State of California) and was activated by Ordinance No. 1709 of the City Council on December 18, 1967.

Three Project Areas

The Bakersfield Redevelopment Agency is made up of three separate project areas:

The Southeast Bakersfield Project Area
The Old Town Kern - Pioneer Project Area
The Downtown Bakersfield Project Area

State assessed unitary and operating non-unitary values are provided County-wide only and are not available by the tax base area for any of the project areas. Assessed valuations are stated at 100% of taxable value for property within each project area for 2007-08.

The Southeast Bakersfield Project Area, encompassing 4,619 acres of land in southeast Bakersfield, was established with the adoption of the Redevelopment Plan for the project by Ordinance No. 3905 on June 30, 1999. The 4,619 acres are the basis for the Redevelopment Tax increment value. Assessed valuations in the Redevelopment area were frozen upon becoming a part of the Project. Assessed valuations are as follows:

	Secured			
	State Assessed	Locally Assessed	Unsecured	Total
Increment	$ 235,836	$ 427,113,415	$ 28,427,456	$ 455,776,707
Base	544,493	344,082,995	25,029,725	369,657,213
Total	$ 780,329	$ 771,196,410	$ 53,457,181	$ 825,433,920

The Old Town Kern - Pioneer Project Area, encompassing 1,971 acres of land in east Bakersfield, was established with the adoption of the Redevelopment Plan for the project by Ordinance No. 3904 on June 30, 1999. The 1,971 acres are the basis for the Redevelopment Tax increment value. Assessed valuations in the Redevelopment area were frozen upon becoming a part of the Project. Assessed valuations are as follows:

	Secured			
	State Assessed	Locally Assessed	Unsecured	Total
Increment	$ (1,953,992)	$ 243,647,627	$ 30,189,329	$ 271,882,964
Base	3,579,210	293,952,193	28,230,012	325,761,415
Total	$ 1,625,218	$ 537,599,820	$ 58,419,341	$ 597,644,379

The Downtown Redevelopment Project Area, encompassing 16 square blocks in the central business district, was established with the adoption of the Redevelopment Plan for the project ordinance No. 2033 on August 14, 1972. Subsequently, it was amended three times as follows:

> November 25, 1974 to include 33 additional blocks; August 30, 1976 to include 9 additional blocks; and December 12, 1979 with the addition of 17 blocks. These 75 blocks which cover approximately 225 acres, are the basis for the Redevelopment Tax increment value. Assessed valuations in the Redevelopment area were frozen upon becoming a part of the Project. Assessed valuations are as follows:

	Secured			
	State Assessed	Locally Assessed	Unsecured	Total
Increment	$ (126,600)	$ 133,561,519	$ 22,569,613	$ 156,004,532
Base	126,600	28,757,696	2,588,836	31,473,132
Total	$ -0-	$ 162,319,215	$ 25,158,449	$ 187,477,664

2007-08 Redevelopment Financial Highlights

The Bakersfield Redevelopment Agency oversees three project areas which include Downtown Bakersfield (DB), Old Town Kern – Pioneer (OTK-P), and Southeast Bakersfield (SE). After each project description the project area is indicated, as noted above.

The Parkview Cottages – Single Family Housing Project (OTK-P)
The City was awarded a $1.2 million HELP loan, which was used to acquire a portion of the old foundry site located at 21st and "R" streets. The project consists of 74 single-family housing units, ranging from 1,280 to 1,820 square feet. Each unit will be two stories and have a two/three car garage. One home is in escrow, thirteen homes are ready for sale, home buyers currently occupy 29 units, and two units are models.

Current market conditions and lack of mortgage financing options for low and moderate-income families have affected the ability to sale the homes. Staff is currently working with the developer, the real estate agent, and various mortgage companies to seek additional marketing venues and lending opportunities for the project.

Baker Street - Old Town Kern Mixed Use Project
Foundation work and grading has been completed for Phase I of the project located east of Baker Street, south of Lake Street on one-half block. When finished, this phase, will include 24 three-story town homes, 13 residential lofts and 9,000 square feet of commercial space on Baker Street. The residential and commercial development are for-sale units. Neighborhood type services are anticipated for the commercial space. Phase I should be completed by Spring 2009. The next three phases will include more residential and commercial units, and 41,000 square feet of new commercial space such as a grocery store and pharmacy as possible key anchors. Total project value is approximately $35 million.

South Mill Creek - Retail, Entertainment & Housing Project (SE)
The Mill Creek South Mixed-Use Project is a commercial and residential plan that will be approximately 10 acres and include a minimum of 80 units of affordable town home style high rise rental units, 35 market rate urban style upscale condominiums, and 65,000 square feet of commercial space for retail, restaurants, community events, and neighborhood services. The proposed project is located in the Southeast Redevelopment Project Area, alongside the southern tip of Mill Creek. The restaurants in the planned retail development will have outdoor patio seating overlooking Mill Creek, a 1.5-mile stretch of agriculture canal which is being redeveloped into a major recreational amenity with a white water look and will travel through the heart of downtown Bakersfield. The planned $60 million, 10 acre mixed-use project will replace a contaminated metal recycling business and auto repair and body shop. In addition, it will replace a dilapidated empty warehouse and a predominantly vacant commercial dilapidated building with several abandoned partial structures.

Environmental studies for traffic, noise, air quality, and a phase II environmental site assessment were completed in May 2007. An Environmental Assessment on the project was prepared on June 1, 2007, and issued to responsible agencies for public review and comment until June 25, 2007. The Notice of No Significant Impact and Notice of Intent to Request Release of Funds have been processed. In September 2007 the Bakersfield Redevelopment Agency (Agency) received a $3,750,000 Section 108 Loan and a $750,000 Brownfield Economic Development Initiative Grant to assist with land acquisition. In addition, the Agency received a $1,000,000 CalHFA Residential Development Loan for property acquisition and $2,000,000 for construction costs. The CalHFA loan is at 3% simple interest and is to be repaid in 5 years.

In January of 2008, two firms; Chelsea Investments and Southwest Consulting Inc., were selected by the Redevelopment Agency for the development. Exclusive negotiating agreements were approved as Chelsea was selected for the development of 70 affordable rental units and Southwest Consulting, Inc., for the development of 44 condos, 69 family rental units and 97,400 square feet of commercial space. The negotiations are underway, with Development Agreements drafted for review by management and legal council, approved by the Redevelopment Agency in June 2008.

The residential component of South Mill Creek is anticipated to begin construction by January 2009, with completion expected by December 2009. The commercial construction will be concurrent with the residential timeline.

Mill Creek Linear Park - (OTK & SE)
Mill Creek is a conceptual design of a 1.5 mile stretch of agricultural canal which is being redeveloped into a major recreational linear park with a white water look and will travel through the heart of downtown Bakersfield along the Kern Island Canal from Golden State to California Avenues. Elements of the project include a walking path, public art, street furniture, lighting, decorative fencing, landscaping, creation of a pond in Central Park, and a new pedestrian plaza at the 17th Street and "R" Street intersection, creating a "River Street" environment. The Redevelopment Agency received a $10 million California Infrastructure Bank loan to provide financing for the project. Total budget for the project to date is $12.7 million.

A multi-disciplinary team was assembled to design the Mill Creek Linear Park Master Plan, with estimated completion of the design and construction of improvements to Central Park in spring 2008. Construction of elevated street crossings at 19th and 21st Streets and Phase 2, 4,5A & 5B of the parkway are planned for FY 08/09.

Staff will seek additional state and federal grant resources to help fully fund construction of the project.

Southeast Neighborhood Revitalization Project – (SE)
Staff has developed a three-year comprehensive targeted neighborhood revitalization program. This program includes the addition of one dedicated Code Enforcement position, partial clerical support, equipment and supplies to provide various code enforcement activities such as removal of junk cars and the demolition of substandard structures. The program focuses on a five block area bounded by Brook Street to the south, Hale Street to the east, E. Planz Road to the north and Cottonwood Road to the west. The area is a blighted tract with 110 structures consisting of wood frame, new and older mobile home units (28), and deficient wood frame single family homes. Thirty eight (38) vacant lots are scattered throughout the neighborhood with various amounts of debris, abandoned vehicles and substandard structures. Addressing deficient commercial structures along Cottonwood Road is not included in the plan at this time.

Additional housing programs are currently under development for low income residents not exceeding 120% of the area median income that will include a targeted owner-occupied housing rehabilitation loan program up to $40,000 per unit. The assistance will be in the form of a no interest deferred loan for 15 years. In addition, qualifying homeowners occupying substandard homes with clear title to their property may be eligible for down payment assistance up to $50,000 to purchase or construct a new home on their existing lot or purchase a manufactured home. Loan terms will be based on standard down payment assistance requirements. A front porch grant program is also available to improve the appearance of the exterior of a residence. The maximum project cost cannot exceed $5,000. This program requires a matching contribution of 10% of the total project cost from the applicant. This program was funded with Southeast Tax Increment funds.

Approximately twenty five residents attended a community meeting on Saturday, June 21, 2008 at the New First Community Baptist Church on East Planz Road to learn about the Filson Area Targeted Neighborhood Revitalization Housing Programs. Since the community meeting, staff has received approval from the Bakersfield Redevelopment Agency to implement a sewer grant not to exceed $10,000 and a demolition grant not to exceed $8,000. These funds will provide additional assistance to property owners whose incomes do not exceed 80% of AMI with costs associated with replacing a substandard structure. One applicant to date has been pre-approved for a loan with Bank of America and down payment assistance through the Filson Area Targeted Revitalization program to purchase a manufactured home.

Habitat for Humanity
On May 5, 2008, the Bakersfield Redevelopment Agency approved an agreement to sell a vacant parcel located at 1812 Filson Street to Habitat. This parcel was purchased by the Agency through a tax default sale. Habitat for Humanity volunteers and the prospective new homeowner will begin construction on the home in September. The home will be built during and at the Kern County Fair. The completed home will then be relocated to the Filson Street address. This parcel is also located within the 5-block Southeast Targeted Neighborhood program area.

Habitat for Humanity intends to acquire the 8759 ± sq. ft. lot held by the Agency through its Low-and-Moderate Income Housing Fund. They will develop the housing unit through its homeowner sweat equity program. It will consist of a three bedroom 1,100 square foot single-family residence which will be sold to a qualified person or family whose income does not exceed low or moderate Income. Habitat will have eighteen months from the date of the Purchase Agreement to complete the housing project. The construction began on September 10, 2008 and should be completed March 1, 2009.

South Mill Creek Plaza Cinema Complex

South Mill Creek Plaza is a mixed-use lifestyle, ground-up development on approximately 7 acres. The site is designed to accommodate a total of 89,000 square feet of space, featuring 28,000 sq. feet of entertainment related retail, restaurant space and a 61,000 square feet state of the art 16 screen, 2,600 seat multiplex cinema. Maya Cinemas North America, the developer, plans to develop the project south of Rabobank Arena and Convention Center, and south of the railroad tracks between California Avenue, "M" Street and the Kern Island Canal. Maya Cinemas North America and D.W. Sivers have acquired all the property necessary for the development of the $32 million dollar project and will take 24 months to construct and stabilize. The South Mill Creek Plaza will be a major factor in reducing blight in the area and will provide the Southeast Redevelopment Project Area with an anchor tenant that will be a catalyst for additional development along California Avenue. The ground breaking ceremony took place in the of Summer 2008, construction is now underway.

Southeast Bakersfield Infill Housing Project (SE)

The City was awarded a $500,000 CalHFA loan to build affordable housing on scattered lots in southeast Bakersfield. The RDA assumed all rights and obligations of the loan on February 26, 2003. Round four of the infill housing project began in fall of 2006. Key round four changes included: increasing the loan amount from $100K to $150K; providing down payment assistance in the form of the lot value; and increasing the project area boundary to include the entire Southeast Redevelopment Project area. These changes are necessary due to rising construction and lot costs. The agreement time frame will be in place for two years and the contractor will be obligated to complete at least four homes within the two-year period. To date, a total of seventeen new homes have been constructed. When the program was first initiated lots were available in the price range of $7,000 to $10,000. Currently, this range has increased to $65,000 to $90,000. The Agency will be using 7 of the purchased tax defaulted properties to sell to a contractor for construction of the affordable homes.

The contractor has completed the construction of a home at 226 East 6th Street and has begun constructing their third home located at 1213 Murdock Street. The anticipated completion date is August 2008. In addition, staff is working with Habitat for Humanity, Golden Empire to participate in the program. Staff anticipates construction of a new home at 1812 Filson Street to begin in September of 2008.

Bakersfield College continues to participate in the Southeast Infill Housing Program through their Construction Alliance for Student Achievement (CASA) project. The project allows participating students to receive construction trade training and job related experience. Through the Redevelopment Agency, the Bakersfield College Foundation obtained title to three tax default properties located at 339 Brown, 124 Hayes and 301 Owens Streets. The first home located at 339 Brown Street is complete and has been sold to a low-income family.

State Water Resources Board – Orphan Grant

Clean up work on this contaminated site continues. The city-owned property at 1433 Union Avenue is the subject of a grant from the State Water Resources Control Board to pay for removal of the contaminated soil and backfilling with clean soil. Excavation work was completed the first week of October and completion is on schedule for the end of 2008.

19th Street Plaza

This proposed mixed use project adjacent to the Mill Creek Linear Park would include office, commercial, and residential space. The developer envisions approximately 35,000 square feet of office and commercial space with a restaurant in a four level building adjacent to the canal; 67 one and two-bedroom units of affordable senior rental housing in a three story structure; a 3,000 square foot food court; and an 80 space parking garage. The RDA has entered into a Disposition and Development Agreement with Southwest Consulting, Inc. to build the project on approximately 2.5 acres of vacant land east of the canal between 18th Street and 19th Street, 501 -19th Street. Engineering and architectural plans are in site plan review.

Debt Service Funds

The redevelopment debt service funds account for the various debts of the Agency. The vast majority of payments made during the 2007-08 fiscal year were related to the Downtown Redevelopment Project Area. The largest, a $1,200,000 reimbursement to the City, for the City assuming prior Agency debt as a component of the 1997 Certificates of Participation (COP) issued to finance the construction of the Centennial Garden Arena.

Independent Audit

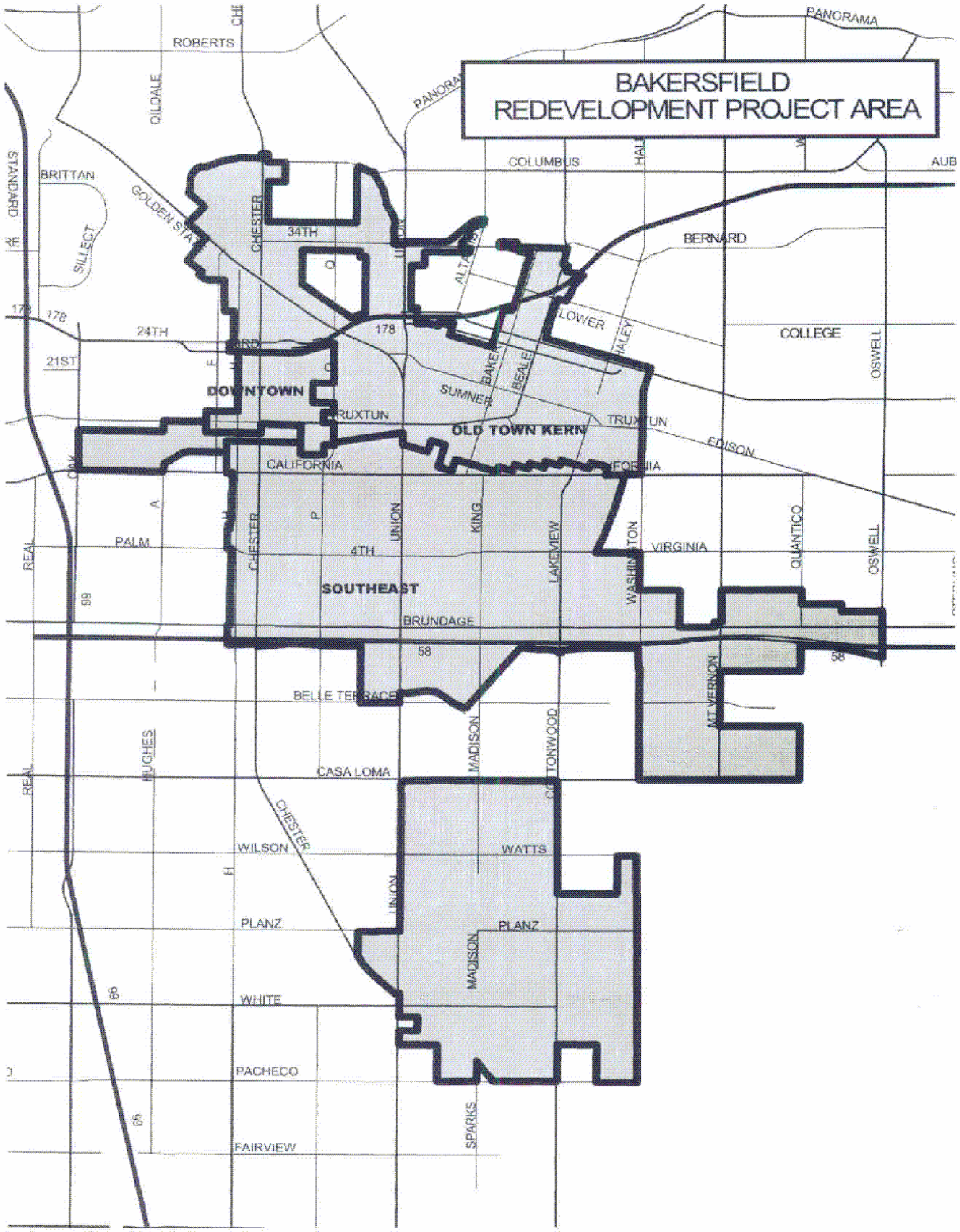
The Agency has retained the certified public accounting firm of Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter, Accountancy Corporation to audit the financial records and financial statements included in this report. The auditor's opinion is included in this report.

Acknowledgments

The preparation of this report could not have been accomplished without the services of the entire staff of the Finance Department. I should like to express my appreciation to all members of the department who assisted and contributed to its preparation. I also take this opportunity to extend my thanks to the members of the Agency, the Executive Director, the Deputy Executive Director, the General Counsel of the Agency, the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the Agency during the past year.

Respectfully submitted,

Nelson K. Smith
City Finance Director
Finance Officer of the Agency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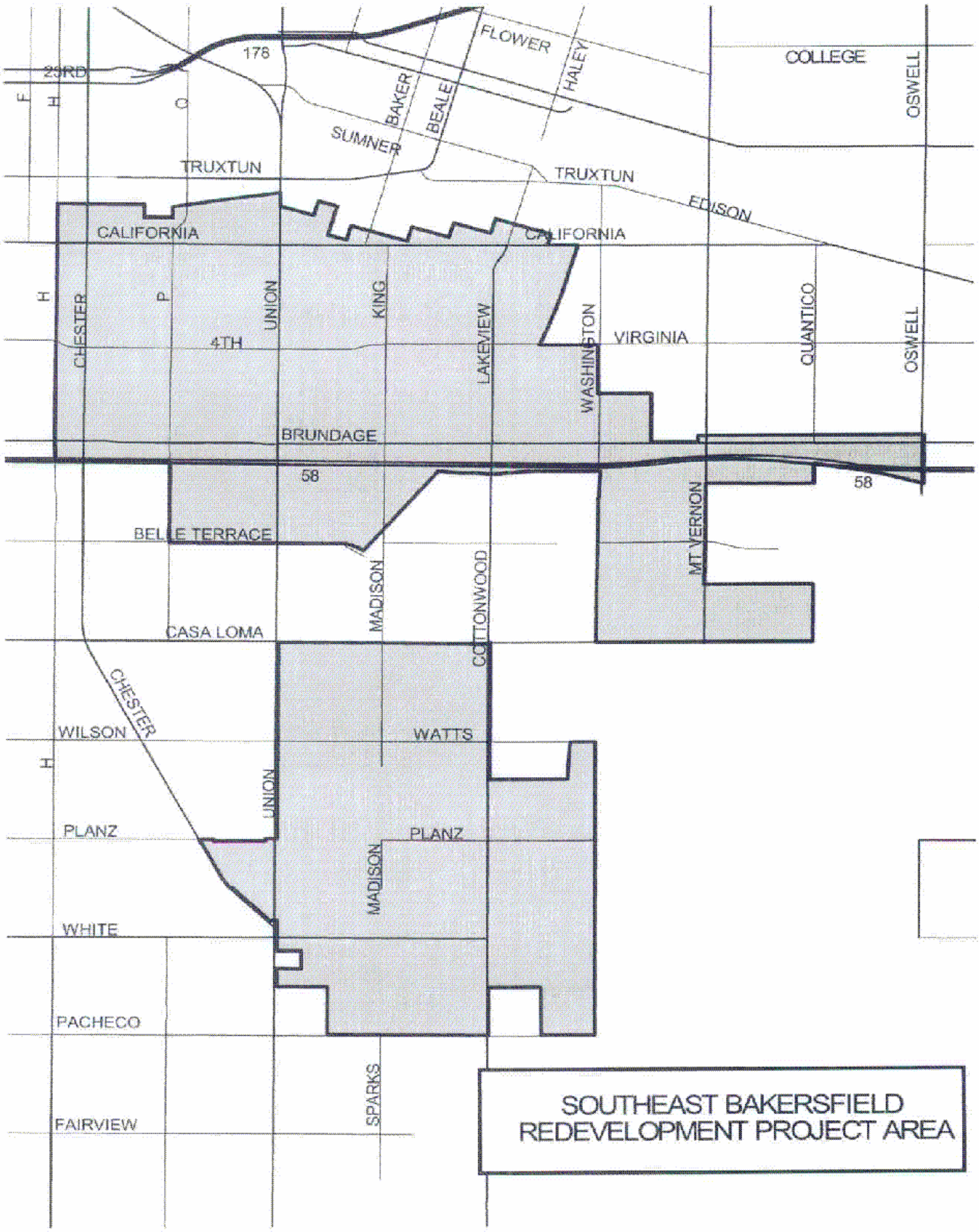
REDEVELOPMENT PROJECT AREA
DOWNTOWN
OLD TOWN KERN
SOUTHEAST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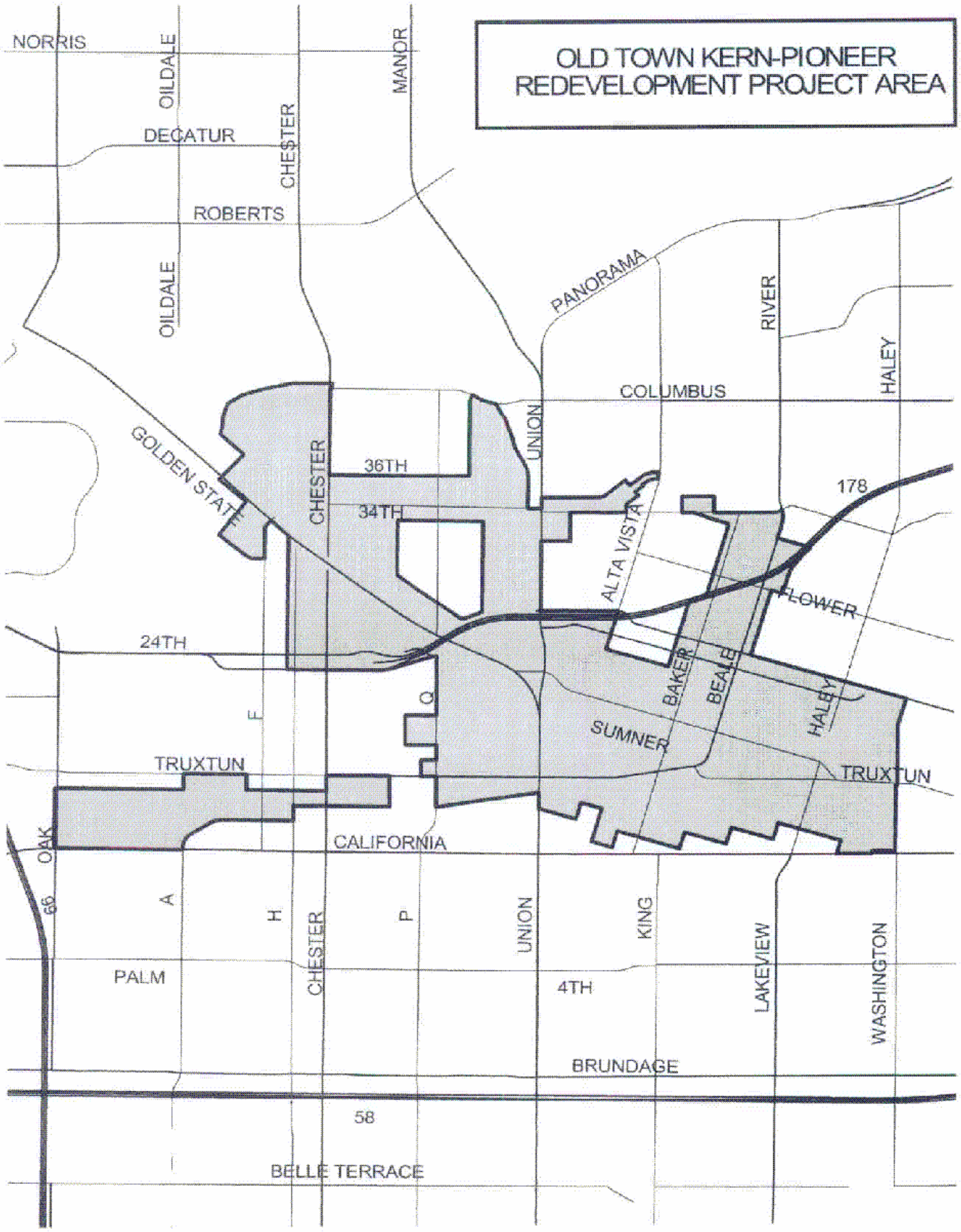
REDEVELOPMENT PROJECT AREA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DECATUR
CHESTER
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HALEY
COLUMBUS
UNION
GOLDEN STATE
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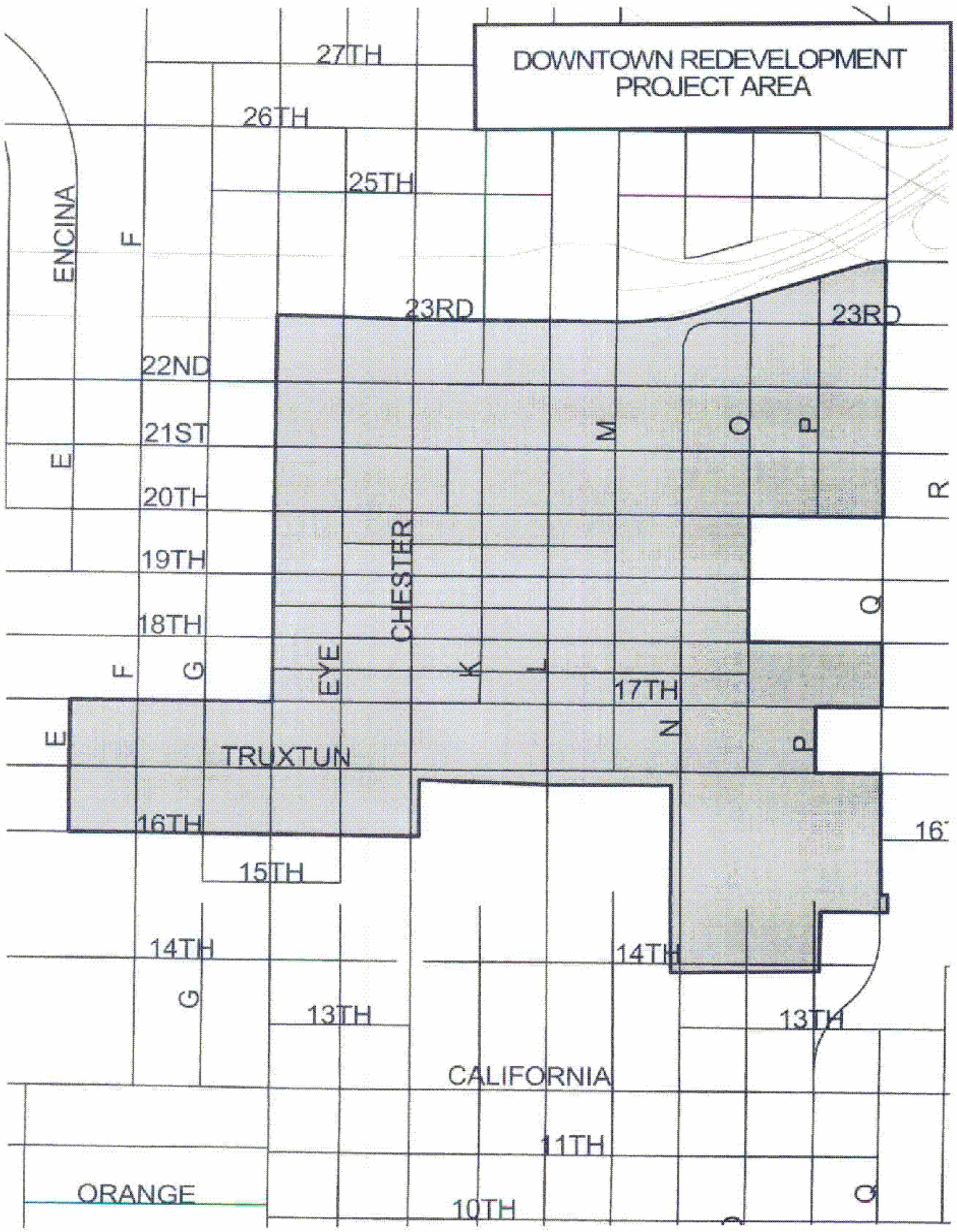
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BROWN
ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

BROWN ARMSTRONG
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Bakersfield Redevelopment Agency
Bakersfield, California

We have audited the accompanying component unit financial statements of the governmental activities, each major fund, and the aggregated remaining fund information of the Redevelopment Agency of the City of Bakersfield (Agency), a component unit of the City of Bakersfield, as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregated remaining fund information of the Redevelopment Agency of the City of Bakersfield, as of June 30, 2008, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The *management's discussion and analysis* and *budgetary comparison* information as listed in the accompanying table of contents are not a required part of the Agency's basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the component unit financial statements that collectively comprise the component unit's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and the statistical tables, where applicable, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Agency. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the component unit's basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2008, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION

Bakersfield, California
November 21, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

This discussion and analysis of the Bakersfield Redevelopment Agency's Component Unit financial performance provides an overview of the Agency's financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- Property tax increment receipts of the Bakersfield Redevelopment Agency were $8,010,312 during the most recent fiscal year, an increase of approximately 25.7% over the prior year.
- The Agency's expenditures for Redevelopment Capital Outlay programs increased by $6,174,438 over the prior fiscal year due to an increase in program activities.
- As of the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of $14,445,668, an increase of $3,667,143 in comparison with the prior year. Approximately 50% of this total amount, $7,205,081, is available for spending at the Agency's discretion (unreserved fund balance). Approximately 36% of total fund balance, or $5,198,999, is reserved for housing projects.
- The Agency incurred additional debt of $7,204,087 during the fiscal year to continue with the Mill Creek projects in Southeast Project Area and Old Town Kern Project Area.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the Bakersfield Redevelopment Agency (Agency), using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. The statements present the financial picture of the Agency from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. Currently, the Agency does not have any business-type activities or operations.

The **Fund Financial Statements** include statements for governmental activities – the agency does not have any business-type or fiduciary-type funds. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

OVERVIEW OF THE FINANCIAL STATEMENTS
Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the Agency as a whole and about its activities. These statements include all assets and liabilities of the Agency using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Agency's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net assets are one indicator of whether its financial health is improving or deteriorating. Considering the fact that the main purpose of a Redevelopment Agency is to incur debt, one would expect to see Liabilities exceeding Assets on a regular basis.

In the Statement of Net Assets and the Statement of Activities and Changes in Net Assets, we report the Agency activities as governmental activities, which are further defined as follows:

> Governmental activities – All of the Agency's basic services are reported in this category, including Operations, Debt Service and Housing activities. These activities are generally financed by property tax increment funds.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds -- not the Agency as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - Most of the Agency's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Agency's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Redevelopment programs. The differences of results in the Governmental fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation schedule following each Governmental Fund financial statement.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain "required supplementary information" concerning budgetary comparison schedules for the major funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the basic purpose of a Redevelopment Agency is to incur debt, and one would generally expect an agency's liabilities to exceed assets at any given point in time. In the case of the Bakersfield Redevelopment Agency, liabilities exceeded assets by $16,504,988 at the close of the most recent fiscal year. By far the largest portion of the Bakersfield Redevelopment Agency's liabilities (negative net assets) reflects its long term debt obligations regarding the 1997 Convention Center expansion project.

The Agency incurs long term debt to facilitate redevelopment of blighted areas. The debt is generally repaid from the collection of property tax increment funds. Capital assets constructed or acquired with Agency funds become assets of (and are maintained by) the City Of Bakersfield. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Please note that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not available to liquidate these liabilities.

Bakersfield Redevelopment Agency – Net Assets

	Governmental activities	
	2007	2008
Assets:		
Current and other assets	$ 12,421,795	$ 16,297,555
Long term receivables	34,030,000	32,330,000
Capital assets	6,106,150	13,163,797
Total assets	52,557,945	61,791,352
Liabilities:		
Current liabilities	2,552,195	648,282
Long-term liabilities outstanding	36,398,021	43,618,058
Unearned revenue	35,660,000	34,030,000
Total liabilities	74,610,216	78,296,340
Net assets:		
Restricted	4,049,442	5,207,393
Unrestricted	(26,101,713)	(21,712,381)
Total Net Assets	$ (22,052,271)	$ (16,504,988)

A portion of the Agency's net assets represent resources that are subject to external restrictions on how they may be used. The majority of these restricted assets pertain to redevelopment housing funds, which equaled $5,198,999 at the end of the most current fiscal year.

During the current fiscal year the net assets of the Agency increased by $5,547,283 with the majority of the increase related to a 26% increase in property tax increment revenue.

The Agency's programs for governmental activities include operations, housing and debt service. A comparison of each program's revenues and expenses for the current year and prior year is presented below.

Bakersfield Redevelopment Agency – Changes in Net Assets

	Governmental	
	2007	2008
Revenues:		
Program revenues:		
Charges for services (lease income)	$ 1,713,990	$ 1,941,150
Operating grants and contributions	58,617	60,634
Interest earnings restricted by program	83,796	174,043
Total Program Revenues	1,856,403	2,175,827
General revenues:		
Taxes-		
Property tax increment	6,374,606	8,010,312
Investment earnings	534,705	376,537
Capital contribution to primary government	1,000,013	(1,600,000)
Miscellaneous	1,572	246,808
Total revenues	9,767,299	9,209,484
Expenses:		
Community development	421,786	1,665,222
Low / moderate housing	356,000	70,000
Debt service	1,995,945	1,926,979
Total expenses	2,773,731	3,662,201
Change in net assets	6,993,568	5,547,283
Net Assets - Beginning of Year (as restated)	(29,045,839)	(22,052,271)
Net assets - End of Year	$ (22,052,271)	$ (16,504,988)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Bakersfield Redevelopment Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Bakersfield Redevelopment Agency's governmental funds reported combined ending fund balances of $14,445,668, an increase of $3,667,143 in comparison with the prior year. Approximately 50% of the total fund balance $7,205,081 constitutes **unreserved fund balance**, which is available for spending at the Agency's discretion. The remainder of fund balance is **reserved** to indicate that it is not available for new spending because it has already been committed 1) to liquidated contracts and purchase orders of the prior period ($2,033,194), 2) to fund redevelopment housing projects ($5,198,999) or 3) to pay debt service ($8,394).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Bakersfield Redevelopment Agency's investment in capital assets for its governmental activities as of June 30, 2008, amounts to $13,163,797 (net of accumulated depreciation). This investment in capital assets represents land purchased for future low and moderate income housing projects and other redevelopment related opportunities.

Bakersfield Redevelopment Agency – Capital Assets

		Governmental activities	
	2007	Addition/Deletion	2008
Land	$6,106,150	$2,922,978	$ 9,029,128
Construction in Progress	-	$4,134,669	$ 4,134,669
Total Capital Assets	$6,106,150	$7,057,647	$13,163,797

As noted earlier, redevelopment funds are often used to construct (or partially fund) capital projects. The completed assets are generally owned (and maintained) by the City of Bakersfield.

Long-Term Debt - At the end of the current fiscal year, the Bakersfield Redevelopment Agency had total long-term debt outstanding of $43,618,058. A summary schedule of outstanding debt is presented below.

Bakersfield Redevelopment Agency – Outstanding Debt

	Balance July 1, 2007	Incurred or Issued	Satisfied or Matured	Balance June 30, 2008
Governmental Activities:				
Certificates of participation	$ 33,560,000	$ -0-	$ 1,630,000	$ 31,930,000
Development agreements	46,774		8,587	38,187
Loans / Notes payable	4,880,796	7,204,087	435,012	11,649,871
Total governmental activities	$ 38,487,570	$ 7,204,087	$ 2,073,599	$ 43,618,058

During the current fiscal year the Agency's total debt increased by $5,130,488. New debt was incurred during the year.

Certificates of Participation issued by the City and the Bakersfield Redevelopment Agency in 2006 carry a Reserve Fund Surety from Ambac Assurance Company. Moody's Investor's service has lowered its rating on Ambac, from "Aaa" to "Aa3". The current underlying rating on the Certificates has not been revised (currently "A2"). Such reduced rating on the Certificates reflects only the view of Moody's, and any desired explanation of the significance of such rating should be obtained from Moody's. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised or withdrawn by Moody's if, in the judgment of Moody's, circumstances so warrant

BUGETARY HIGHLIGHTS

Differences between the Agency's original budget and the final amended budget reflect an increase in appropriations of approximately $619,000 for future land acquisition in Old Towne Kern Project Area.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The key assumptions in the Agency revenue forecast for fiscal year 2007-08 were:

Tax increment for the Downtown area is generally committed to existing debt service, with the exception of housing set aside funds.

New items specifically addressed in the 2008-09 budget were:

Debt Service – Assure funding of current year debt service requirements.

Operations – Administrative and professional services support for project development and implementation.

Housing – Continued support of the Redevelopment Housing Project.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This Component Unit Financial Report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. The Bakersfield Redevelopment Agency is a component unit of the City of Bakersfield. Questions concerning any of the information provided in this report or requests for additional financial information can be sent via e-mail to: finance@bakersfieldcity.us. Formal written requests should be addressed to: City of Bakersfield, Attn: Finance Department, 1501 Truxtun Avenue, Bakersfield, CA 93301.

GOVERNMENT WIDE
FINANCIAL STATEMENTS

BAKERSFIELD REDEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities
Assets:	
Current assets:	
Cash and short term investments	$ 13,653,646
Cash and investments with fiscal agent	386
Accounts receivable	520,747
Accrued interest receivable	112,563
Due from other governments	310,213
Capital lease receivable	1,700,000
Total current assets	16,297,555
Non-current assets:	
Long term receivables:	
Capital lease receivable	30,230,000
Notes receivable	2,100,000
Land	9,029,128
Construction in progress	4,134,669
Total non-current assets	45,493,797
Total Assets	61,791,352
Liabilities:	
Accounts payable	142,525
Accrued interest payable	496,395
Finance trust deposit	1,500
Treasurers trust deposit	7,862
Unearned revenue	34,030,000
Non-current liabilities:	
Due within one year:	
Certificates of participation	1,700,000
Development agreements	12,317
Notes Payable	599,407
Due in more than one year:	
Certificates of participation	30,230,000
Development agreements	25,870
Notes Payable	11,050,464
Total Liabilities	78,296,340
Net Assets:	
Restricted for:	
Debt service	8,394
Housing	5,198,999
Unrestricted	(21,712,381)
Total Net Assets	$ (16,504,988)

BAKERSFIELD REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2008

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Interest Earnings Restricted by Program	Net (Expense) Revenue and Changes in Net Assets
Functions / Programs					
Governmental activities:					
Economic development	$ 1,665,222	$ -	$ 60,634	$ -	$ (1,604,588)
Low / moderate housing	70,000			173,118	103,118
Debt service	1,926,979	1,941,150		925	15,096
	$ 3,662,201	$ 1,941,150	$ 60,634	$ 174,043	(1,486,374)
General revenues and transfers:					
Property Tax Increment					8,010,312
Unrestricted investment earnings					376,538
Miscellaneous					246,807
Capital contribution to primary government					(1,600,000)
Total general revenues and transfers					7,033,657
Changes in net assets					**5,547,283**
Net assets - beginning					(22,052,271)
Net assets - ending					$ (16,504,988)

The notes to the financial statements are an integral part of this statement.

FUND
FINANCIAL STATEMENTS

BAKERSFIELD REDEVELOPMENT AGENCY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	Southeast Project Area Operating Fund	Southeast Project Area Housing Fund	Old Town Kern Project Area Operating Fund
Assets:			
Cash and short-term investments	$ 6,347,668	$ 2,525,067	$ 1,362,994
Cash and investments with fiscal agent			
Accrued interest receivable	43,033	23,087	22,840
Accounts receivable			520,747
Due from other governments	160,559		75,362
Capital lease receivable			
Notes receivable			
Total assets	$ 6,551,260	$ 2,548,154	$ 1,981,943
Liabilities and fund equity-			
Liabilities:			
Accounts payable	$ 5,093	$ 3,125	$ 131,342
Finance miscellaneous trust	1,500		
Treasurer miscellaneous trust	7,862		
Deferred revenue			
Total liabilities	14,455	3,125	131,342
Fund equity and other credits-			
Fund balances:			
Reserved for-			
Encumbrances	86,711	170,955	1,750,528
Unreserved:			
Designated for housing		2,374,074	
Designated for debt service			
Undesignated - Capital Project Funds	6,450,094		100,073
Total fund equity and other credits	6,536,805	2,545,029	1,850,601
Total liabilities, fund equity and other credits	$ 6,551,260	$ 2,548,154	$ 1,981,943

Downtown Project Area Debt Service Fund	**Downtown Project Area Operating Fund**	**Downtown Project Area Housing Fund**	**Other Governmental Funds**	**Total Governmental Funds**
$ 9,269	$ 583,353	$ 1,352,241	$ 1,473,054	$ 13,653,646
386				386
1,219	10,004	7,626	4,754	112,563
				520,747
	74,292			310,213
31,930,000				31,930,000
		2,100,000		2,100,000
$ 31,940,874	$ 667,649	$ 3,459,867	$ 1,477,808	$ 48,627,555
$ 2,480	$ 485		$ -	$ 142,525
				1,500
				7,862
31,930,000		2,100,000		34,030,000
31,932,480	485	2,100,000	-	34,181,887
	12,250	12,750		2,033,194
		1,347,117	1,477,808	5,198,999
8,394				8,394
	654,914			7,205,081
8,394	667,164	1,359,867	1,477,808	14,445,668
$ 31,940,874	$ 667,649	$ 3,459,867	$ 1,477,808	$ 48,627,555

BAKERSFIELD REDEVELOPMENT AGENCY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS JUNE 30, 2008

	Amount
Total Fund Balances - Total Governmental Funds	$ 14,445,668
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	13,163,797
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	(496,395)
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet:	
Certificates of Participation	(31,930,000)
Development Agreements	(38,187)
Notes Payable	(11,649,871)
Net Assets of Governmental Activities	$ (16,504,988)

See accompanying notes to component unit financial statements

BAKERSFIELD REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

	Southeast Project Area Operating Fund	Southeast Project Area Housing Fund	Old Town Kern Project Area Operating Fund
Revenues:			
Taxes	$ 3,659,589	$ -	$ 2,274,222
Intergovernmental	50,104		10,159
Charges for service			
Miscellaneous	252,763	333,385	102,108
Total revenues	$ 3,962,456	$ 333,385	$ 2,386,489
Expenditures:			
Current:			
Economic development	266,647	274,438	954,212
Low / moderate housing			
Nondepartmental	55,491		31,871
Capital outlay - housing	3,711,472	1,965,853	881,096
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	4,033,610	2,240,291	1,867,179
Excess / (Deficiency) of revenues over / (under) expenditures	(71,154)	(1,906,906)	519,310
Other financing sources (uses):			
Note / certificate proceeds	3,750,000	1,000,000	854,087
Transfers in		930,000	
Transfers out	(1,444,552)		(1,276,488)
Total other financing sources (uses)	2,305,448	1,930,000	(422,401)
Excess (Deficiency) of revenues and other sources over (under) expenditures and other uses	2,234,294	23,094	96,909
Fund balance - July 1	4,302,511	2,521,935	1,753,692
Fund balance - June 30	$ 6,536,805	$ 2,545,029	$ 1,850,601

See accompanying notes to component unit financial statements

Downtown Project Area Debt Service Fund	Downtown Project Area Operating Fund	Downtown Project Area Housing Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ 2,076,501	$ -	$ -	$ 8,010,312
	371			60,634
3,141,150				3,141,150
6,159	43,216	36,008	23,749	797,388
$ 3,147,309	$ 2,120,088	$ 36,008	$ 23,749	$ 12,009,484
	57,122			1,552,419
		70,000		70,000
	25,441			112,803
			499,226	7,057,647
3,003,775			269,824	3,273,599
1,557,744			322,216	1,879,960
4,561,519	82,563	70,000	1,091,266	13,946,428
(1,414,210)	2,037,525	(33,992)	(1,067,517)	(1,936,944)
				5,604,087
1,410,349		750,000	1,791,040	4,881,389
	(1,954,856)	(205,493)		(4,881,389)
1,410,349	(1,954,856)	544,507	1,791,040	5,604,087
(3,861)	82,669	510,515	723,523	3,667,143
12,255	584,495	849,352	754,285	10,778,525
$ 8,394	$ 667,164	$ 1,359,867	$ 1,477,808	$ 14,445,668

BAKERSFIELD REDEVELOPMENT AGENCY

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Amount
Net Change in Fund Balances - Total Governmental Funds	$ 3,667,143
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	7,057,647
Lease revenues received from the City are partially offset by a reimbursement payment made by the Agency to the City. This amount represents the portion of lease revenue related to the City / Agency reimbursement agreement.	(1,200,000)
Debt related proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government Wide Statement of Net Assets. Repayment of debt principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets:	
This amount represents note / certificate proceeds	(5,604,087)
This amount represents long-term debt repayments	3,273,599
This amount represents Contributed Capital to/from primary government. Debt will be paid through RDA, but the asset (Firestation #5) is contributed capital to the City.	(1,600,000)
Interest expense on long-term debt is reported in the Government-Wide Statement of Activites and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, the interest expense is not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from the prior year.	(47,019)
Change in Net Assets of Governmental Activities	$ 5,547,283

See accompanying notes to component unit financial statements

NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bakersfield Redevelopment Agency (Agency) was created by Ordinance No. 1709 of the City of Bakersfield (City) City Council, adopted on December 18, 1967. The Agency was organized pursuant to the Community Redevelopment Law of California which is codified as Part 1 of Division 24 of the State of California Health and Safety code.

Amendments to the bylaws were adopted at a special meeting held on May 18, 1987 and the official name of the Agency was changed to the Central District Development Agency of the City of Bakersfield.

The Agency formed two additional projects areas in July 1999. This caused the Agency to reevaluate the name change made in 1987. Additional amendments to the bylaws were adopted at a regular meeting held on January 3, 2000 and the official name of the Agency was changed to the Bakersfield Redevelopment Agency.

Members of the Agency are nominated by the Mayor and approved by the City Council.

The accounting policies of the Agency conform to generally accepted accounting principles as applicable to governments.

The Bakersfield Redevelopment Agency is a component of the City of Bakersfield. Accordingly, the financial operations of the Agency have also been included in the Comprehensive Annual Financial Report issued by the City of Bakersfield.

The Bakersfield Redevelopment Agency is made up of three separate project areas:

The Southeast Bakersfield Project Area
The Old Town Kern – Pioneer Project Area
The Downtown Bakersfield Project Area

The accounting for each of these project areas is accomplished through a combination of several different funds to account for the various aspects of each project area.

A. Basis of Accounting, Measurement Focus, and Financial Statement Presentation

The *basic financial* statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB Pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the Agency as a whole. These statements include separate columns for the government and business-type activities of the primary government. The Redevelopment Agency of the City of Bakersfield has no business-type activities.

A. **Basis of Accounting, Measurement Focus, and Financial Statement Presentation** (Continued)

Government-wide Financial Statements (Continued)

Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the Agency.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transaction are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services, operating grants and contributions, and interest earnings restricted by program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the Agency is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about the major funds individually and non-major funds in the aggregate for governmental funds.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter (normally 60-90 days) to be available to finance the expenditures accrued for the reporting period.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction

A. Basis of Accounting, Measurement Focus, and Financial Statement Presentation (Continued)

Governmental Funds (Continued)

upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Gov*ernment-mandated and voluntary non-exchange transactions* are recognized as revenues when applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portion of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

B. Fund Classification

The Agency reports the following major government funds:

Southeast Project Area Operating Fund

The Southeast Project Area General Operating Fund is used to account for all financial resources related to the Southeast Project Area redevelopment activities, except those required to be accounted for in another fund.

Southeast Project Area Housing Fund

The Southeast Project Area Housing Fund is used to account for the housing set-aside monies associated with the Southeast Project Area.

B. Fund Classification (Continued)

Old Town Kern Project Area Operating Fund

The Old Town Kern Project Area General Operating Fund is used to account for all financial resources related to the Old Town Kern Project Area redevelopment activities, except those required to be accounted for in another fund.

Downtown Project Area Operating Fund

The Downtown Project Area General Operating Fund is used to account for all financial resources related to the Downtown Project Area redevelopment activities, except those required to be accounted for in another fund.

Downtown Project Area Housing Fund

The Downtown Project Area Housing Fund is used to account for the housing set-aside monies associated with the Downtown Project Area.

Downtown Project Area Debt Service Fund

The Downtown Project Area Debt Service Fund is used to account for the accumulation of resources for, and the payment of long term debt principal, interest, and related costs associated with Downtown Project Area Redevelopment Activities.

C. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences between Government Funds Balance Sheet and the Government-wide Statement of Net Assets

"Total fund balances" of the Agency's governmental funds, $14,445,668, differs from "net assets" of governmental activities, ($16,504,988), reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital Related Items - When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Agency as a whole.

Cost of capital assets	$ 13,163,797
Accumulated depreciation	-
	$ 13,163,797

Long-term Debt Transactions - Long-term liabilities applicable to the Agency's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2008 were:

Certificates of Participation	$ (31,930,000)
Development Agreements	(38,187)
Notes Payable	(11,649,871)
	$ (43,618,058)

C. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Accrued Interest - Accrued liabilities in the statement of net assets differs from the amount reported in governmental funds due to accrued interest on long-term debt.

Accrued interest added	$ (496,395)

The following schedule presents a reconciliation between the governmental funds balance sheet and the government-wide statement of net assets:

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Interest Payable	Statement of Net Assets
ASSETS					
Cash and short term investments	$13,653,646	$ -	$ -	$ -	$13,653,646
Cash with fiscal agent	386				386
Receivables:					
Accounts receivable	520,747				520,747
Rent	31,930,000				31,930,000
Notes	2,100,000				2,100,000
Accrued interest	112,563				112,563
Due from other governments	310,213				310,213
Developers receivable					-
Land		9,029,128			9,029,128
Construction in progress		4,134,669			4,134,669
Total Assets	48,627,555	13,163,797	-	-	61,791,352
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	142,525				142,525
Accrued interest payable				496,395	496,395
Treasurer's trust	1,500				1,500
Finance Misc. Trust	7,862				7,862
Deferred revenue	34,030,000				34,030,000
Current:					
Certificates of participation			1,700,000		1,700,000
Development agreements			12,317		12,317
Notes Payable			599,407		599,407
Long-term:					
Certificates of participation			30,230,000		30,230,000
Development agreements			25,870		25,870
Notes Payable			11,050,464		11,050,464
Total Liabilities	34,181,887	-	43,618,058	496,395	78,296,340
Fund Balances-					
Fund Balances/Net Assets	14,445,668	13,163,797	(43,618,058)	(496,395)	(16,504,988)
Total liabilities, fund equity and other credits	$48,627,555	$13,163,797	$ -	$ -	$61,791,352

C. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of differences between governmental fund operating statements and the government-wide statement of activities.

The "net change in fund balances" for governmental funds, $3,667,143, differs from the "change in net assets" for governmental activities, $5,547,283 as reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Expenditure Transactions - Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are capitalized and, if applicable, depreciated over their useful lives.

Capital outlay expenditures	$ 7,057,647

Long-term Debt Transactions - Some expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Repayment of long-term debt principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the Agency as a whole, however, the principal payments reduce the liabilities in the Statement of Net Assets and do not result in an expense in the statement of activities.

Adjustments to lease revenues related to the City/Agency reimbursement agreement	$ (1,200,000)
Principal payments made	$ 3,273,599
Contributed capital to/from primary government	$ (1,600,000)

Accrued Interest - Beginning fund balance in the statement of activities has been restated to reflect the retroactive recording of accrued interest on Long-term Debt.

Accrued interest change	$ (47,019)

Reclassification and Eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once – in the function in which they are allocated. Certain reclassifications were also made to conform the fund financial statements' expenditure classifications to those required for the statement of activities.

C. **Reconciliation of Government-Wide and Fund Financial Statements** (Continued)

The following schedule presents a reconciliation between the governmental fund operating statements and the government-wide statement of activities:

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Accrued Interest	Reclassifications and Eliminations	Statement of Activities
Revenues:						
Taxes	$ 8,010,312	$ -	$ -	$ -	$ -	$ 8,010,312
Intergovernmental	60,634					60,634
Charges for service	3,141,150		(1,200,000)			1,941,150
Miscellaneous	797,388					797,388
Total revenues	12,009,484	-	(1,200,000)	-	-	10,809,484
Expenditures:						
Current:						
Economic development	1,552,419					1,552,419
Low / moderate housing	70,000					70,000
Nondepartmental	112,803					112,803
Capital outlay - housing	7,057,647	(7,057,647)				-
Debt service:						
Principal retirement	3,273,599		(3,273,599)			-
Interest and fiscal charges	1,879,960			47,019		1,926,979
Total expenditures	13,946,428	(7,057,647)	(3,273,599)	47,019	-	3,662,201
Excess / (Deficiency) of revenues over / (under) expenditures	(1,936,944)	7,057,647	2,073,599	(47,019)	-	7,147,283
Other financing sources (uses):						
Note / certificate proceeds	5,604,087		(5,604,087)			-
Contributed Capital to/from Primary					(1,600,000)	(1,600,000)
Operating transfers in	4,881,389				(4,881,389)	-
Operating transfers (out)	(4,881,389)				4,881,389	-
Total other financing sources (uses)	5,604,087	-	(5,604,087)	-	(1,600,000)	(1,600,000)
Excess (Deficiency) of revenu and other sources over (under) expenditures and other uses	3,667,143	7,057,647	(3,530,488)	(47,019)	(1,600,000)	5,547,283
Fund balance - July 1	10,778,525	6,106,150	(38,487,570)	(449,376)		(22,052,271)
Fund balance - June 30	$ 14,445,668	$ 13,163,797	$ (42,018,058)	$ (496,395)	$ (1,600,000)	$ (16,504,988)

D. Other Significant Accounting Policies

Budget and Budgetary Accounting

Budgets for the capital project and debt service funds are prepared and adopted on a basis consistent with generally accepted accounting principles.

D. Other Significant Accounting Policies (Continued)

A proposed operating budget for the fiscal year commencing on July 1 is submitted to the Agency by the Executive Director. After adoption of the budget, formal budgetary integration is employed during the year as a management control. Budgetary accounts are entered in fund ledgers and are monitored to control expenditures and enforce revenue provisions.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2008 Expenditures exceeded Appropriations in the nondepartmental expenditures of the Southeast Project Area Operating Fund and the Old Town Kern Project Area Operating Fund by $15,491 and $1,871, respectively. Debt service expenditures of the Southeast Project Area Debt Service Fund and the Downtown Area Debt Service Fund exceeded appropriations by $7,979 and $12,034. These over-expenditures were funded by greater than anticipated revenues in these funds.

Cash and Investments

The Agency applies Governmental Accounting Standards Board Statement Number 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. The statement generally requires that investments be reported at their fair market value and that all changes in fair market value be reflected in income of the period in which they occur.

Agency cash is pooled with the City of Bakersfield in order to take advantage of an effective investment program. Pooled cash not required for day-to-day financial transactions is invested in short-term government securities, bankers' acceptances, time deposits and other liquid assets to maximize interest earnings. The amount of individual fund pooled cash is controlled through the general ledger and investment earnings are allocated to individual funds based on average cash balances during the fiscal year.

As more fully discussed in Note 2, the Agency also has investments held by fiscal agents pledged to the payment or security of certain debt issues.

Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed fixed assets are valued at their estimated fair market value at the date of the contribution. Generally, fixed asset purchases in excess of $5,000 are capitalized if they have an expected useful life of three years or more.

Capital assets include land and public domain (infrastructure) general fixed assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

Property Taxes

In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction's assessed valuations and on the tax rate for voter-approved debt.

The property tax calendar for the Agency is as follows:

Valuation date	January 1
Lien date	March 1
Levy dates	July 1 through June 30
Due dates	November 1; February 1
Collection dates	December 10; April 10

D. Other Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Cash and investment of the Agency are pooled and invested with all other funds of the City. The Agency's portion of this amount was $13,654,032 (market value) at June 30, 2008.

Investment authorized by California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code, or the City's investment policy, where more restrictive. These statutory and local restrictions also apply to the Redevelopment Agency, a discretely presented component unit of the City. The table also identifies the more restrictive provision of the California Government Code or the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investment of debt proceeds held by bond trustee that are governed by the provisions of the City's debt agreements, rather than the general provisions of either the California Government Code or the City's investment policy.

Authorized Investment Types	Maximum Percentage Of Portfolio	Maximum Maturity
U.S. Treasury Bills, Notes and Bonds	0 to 100%	5 Years
U.S. Government Agency Obligations	20% per agency	5 Years
Bankers Acceptances	40%	180 Days
Commercial Paper	25%	270 Days
Repurchase Agreements	30%	90 Days
Local Agency Investment Fund	40%	N/A
Time Certificates of Deposit	40%	5 Years
Public Agency Demand Accounts	30%	N/A
Mutual Funds	20%	N/A

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. **As part of the City's investment policy**, one of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (in which the Agency funds are pooled) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment Type		Remaining Maturity (in Months): 12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months
U.S. Government Agency Obligations:					
Federal Farm Credit Bank	$ 31,000,000	-	2,000,000	29,000,000	-
Federal Home Loan Bank	53,000,000	-	20,000,000	33,000,000	-
Federal Home Loan Mortgage Corp.	58,997,000	-	11,000,000	47,997,000	-
Federal National Mortgage Assn.	44,000,000	-	7,000,000	37,000,000	-
Commercial Paper	29,792,000	29,792,000	-	-	-
Time Certificates of Deposit	30,000,000	30,000,000	-	-	-
U.S. Treasury Bills, Notes, and Bonds	349,209	349,209	-	-	-
Locan Agency Investment Fund	87,559,183	87,559,183	-	-	-
Mutual Funds (1)	43,760,571	43,760,571	-	-	-
Investment Contracts	165,172,027	-	-	-	165,172,027
Total	$543,629,990	191,460,963	40,000,000	146,997,000	165,172,027

(1) See Note for Other Post Employment Benefits

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

Except as inherent by their nature as disclosed above the City's investments (including those held by a bond trustee) are not highly sensitive to interest rate fluctuations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, or the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type		Minimum Legal Rating	Ratings as of the end of th Year End: AAA	Aa	Not Rated
U.S. Government Agency Obligations:					
Federal Farm Credit Bank	$ 31,000,000	N/A	31,000,000	-	-
Federal Home Loan Bank	53,000,000	N/A	53,000,000	-	-
Federal Home Loan Mortgage Corp.	58,997,000	N/A	58,997,000	-	-
Federal National Mortgage Assn.	44,000,000	N/A	44,000,000	-	-
Commercial Paper	29,792,000	A-1 P-1	29,792,000		
Time Certificatesof Deposit	30,000,000	N/A	-	-	30,000,000
U.S. Treasury Bills, Notes, and Bonds	349,209	N/A	349,209	-	-
Locan Agency Investment Fund	87,559,183	N/A	-	-	87,559,183
Mutual Funds (1)	43,760,571	N/A	43,760,571	-	-
Investment Contracts	165,172,027	N/A	-	-	165,172,027
Total	$543,629,990		260,898,780	-	282,731,210

(1) See Note for Other Post Employment Benefits

NOTE 2 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The City's investment policy does not limit the amount that can be invested in any one issuer beyond the limitations stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of the total City's total investments are as follows.

Issuer	Investment Type	Reported Amount	Percentage
Federal Farm Credit Bank	Federal Agency Securities	$31,000,000	6%
Federal Home Loan Bank	Federal Agency Securities	53,000,000	10%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	58,997,000	11%
Federal National Mortgage Assn.	Federal Agency Securities	44,000,000	8%

Custodial Credit Risk

Custodial credit risk for deposits is the risk that the City will not be able to recover its deposits or will not be able to recover collateral securities in the possession of an outside party if a depository institution fails. The custodial credit risk for investments is the risk that the City will not be able to recover the value of its investment or collateral securities held by another party if the counterparty (e.g. broker-dealer) to a transaction fails. The California Government Code and City's investment policy do not contain legal or policy requirements that would limit exposure to custodial credit risk for deposits or investments, other than the following provision applicable to deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2008, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code. As of June 30, 2008, all of the City's investments were held by the City itself or by a broker-dealer (counterparty) other than the broker-dealer used by the City to purchase the securities.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investments in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 – CONVENTION CENTER ARENA / CAPITAL LEASE RECEIVABLE

In March, 1997, the Agency and the City entered into a reimbursement agreement in consideration of the City's actions to refund the Agency's prior bonds and undertake the Convention center Expansion-Arena Project, 1997. The Agency agreed to reimburse the City up to $1,200,000 annually from available tax revenues in fifty semi-annual installments not to exceed $600,000 each, due and payable by December 31, and June 30, commencing December 31, 1997, and ending June 30, 2022.

NOTE 3 – CONVENTION CENTER ARENA / CAPITAL LEASE RECEIVABLE (Continued)

The Agency leased the improvements to the City pursuant to a lease agreement entered into on April 1, 1997. That lease expires April 1, 2022, provided all Certificates of Participation principal and interest incurred by the agency to construct the improvements have been fully paid and retired. Upon termination of the lease, the improvements will become the property of the City.

A portion of the lease payment for October 1, 1997, April 1 and October 1, 1998 and April 1, 1999, was paid from the capitalized interest account, reducing the City's payment correspondingly.

The following schedule lists the minimum lease payments to be paid in the future and the components of the net investment in the Convention Center improvements lease as of June 30, 2008.

	Fiscal Year	Lease Payment
	2009	$3,145,950
	2010	3,142,950
	2011	3,152,350
	2012	3,143,550
	2013	3,139,576
	2014-2018	15,693,600
	2019-2022	12,536,775
Total lease payments to be received		43,954,751
Less:		
Unearned interest		(12,024,751)
Capital Lease Receivable / Unearned Revenue		$31,930,000

NOTE 4 – NOTES RECEIVABLE

Notes receivable at June 30, 2008 consist of the following:

Golden Empire Affordable Housing, Inc., principal due and payable on July 12, 2054. Interest at 1.5%. The interest payment will be deferred for first ten years, until the year 2010.	$ 800,000
Canyon Hills Senior Housing, Inc., principal due and payable by July 30, 2031. Interest at 0%.	310,000
Capital Vision Equities Development, Inc., principal due and payable by March 2036. Interest at 5.85%.	990,000
Notes Receivable / Unearned Revenue	$ 2,100,000

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in capital assets of the Agency for the fiscal year ended June 30, 2008:

	July 1, 2007	Additions	Deletions	June 30, 2008
Land and Land Rights	$ 6,106,150	$ 2,922,978	-0-	$ 9,029,128
Construction in Progress	-0-	$ 4,134,669	-0-	$ 4,134,669
Total	$ 6,106,150	$ 7,057,647	-0-	$ 13,163,797

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the Agency for the fiscal year ended June 30, 2008:

	Due within 1 year	Due in more than one year	General Obligation
Payable at July 1, 2007:			
Certificates of Participation			$ 33,560,000
Development Agreements			46,774
Loans Payable			4,880,796
Total			$ 38,487,570
Principle additions:			
Loans Payable			$ 7,204,087
Total increase			$ 7,204,087
Principal reduction:			
Certificates of Participation			$ (1,630,000)
Development Agreements			(8,587)
Loans Payable			(435,012)
Total reduction			$ (2,073,599)
Payable at June 30, 2008:			
Certificates of Participation	$ 1,700,000	$ 30,230,000	$ 31,930,000
Development Agreements	12,317	25,870	38,187
Loans Payable	599,407	11,050,464	11,649,871
Total	$ 2,311,724	$ 41,306,334	$ 43,618,058

Debt payable at June 30, 2008 is comprised of the following individual issues:

General Obligation Certificates:

$25,335,000 2006 Refunding Certificates of Participation Series A (Convention Center - Arena Projects). The Certificates are comprised of $7,355,000 serial certificates with interest ranging from 4.00% to 4.25% in annual installments of $900,000 to $2,170,000 commencing October 1, 2006 through April 1, 2022.

$ 23,245,000

NOTE 6 – LONG-TERM LIABILITIES (Continued)

$9,470,000 2006 Refunding Certificates of Participation Series B (Convention Center - Arena Projects). The Certificates are comprised of $7,100,000 serial certificates with interest ranging from 5.12% to 5.59% in annual installments of $345,000 to $715,000 and $2,370,000 term certificates due April 1, 2022 with interest of 5.590%. The term certificates maturing on April 1, 2022 is subject to mandatory redemption by lot on each April 1 in annual installments of $750,000 to $830,000 commencing April 1, 2018.	8,685,000
Development Agreements:	
$44,460 Bakersfield Redevelopment Agency Ownership Participation Agreement 1997- tax rebates due in annual principal installments of approximately $2,200 to $4,400 commencing January 31, 1999 through July 31, 2009 without interest. (This debt is serviced by the Downtown Project Area Debt Service Fund).	4,317
$30,000 Bakersfield Redevelopment Agency Ownership Participation Agreement 2002- tax rebates due in annual principal installments of approximately $4,200 to $5,000 commencing January 31, 2004 through July 31, 2012 without interest. (This debt is serviced by the Downtown Project Area Debt Service Fund).	29,936
$10,000 Bakersfield Redevelopment Agency Ownership Participation Agreement 2001- tax rebates due in annual principal installments of approximately $1,000 commencing July 31, 2002 through July 31, 2011 without interest. (This debt is serviced by the Southeast Project Area Debt Service Fund).	3,934
Loans Payable:	
$1,200,000 Bakersfield Redevelopment Agency Loan with the California Housing Finance Agency (CHFA) for the purchase of land for the Cottages Project. Funds were disbursed October 2002. Repayment of the loan is deferred for 10 years, with 3% simple interest accruing on the balance of the loan. The loan may be repaid any time prior to the 10 year date without penalty. (This debt is serviced by the Downtown Project Area Debt Service Fund).	946,753
$1,000,000 HUD Section 108 Loan, 2003 – due in annual principal installments of $27,000 to $82,000 commencing August 1, 2004 through August 2024; interest ranging from 1.61% to 4.76%. (This debt is serviced by the Old Town Kern Project Area Debt Service Fund).	881,000
$1,000,000 Bakersfield Redevelopment Agency Loan with the California Housing Finance Agency (CHFA) to finance predevelopment costs related to the development of The Village at Baker Street. Only $813,595 of the loan was dispersed in fiscal year 2008. Annual principle installments of $127,283 to 151,981 will commence on October 1, 2009 through October 2017: interest rate at 3%. (This debt is serviced by the Old Town Kern Pioneer Project Area Debt Service Fund).	813,595

NOTE 6 – LONG-TERM LIABILITIES (Continued)

$10,000,000 Bakersfield Redevelopment Agency Loan with I-Bank to help finance the Mill Creek Linear Park and Canal Refurbishment Project. Only $40,392 of the loan was dispersed in fiscal year 2008. Annual principle installments of 217,383 to $512,446 will commence on August 1, 2009 through August 2037; interest rate at 3.11%. (This debt is serviced by Old Town Kern Project Area Debt Service Fund).	40,492
$500,000 Bakersfield Redevelopment Agency Loan with the California Housing Finance Agency (CHFA) for the purpose of developing an affordable housing program in southeast Bakersfield. Funds were disbursed February 2003. Repayment of the loan is deferred for 10 years, with 3% simple interest accruing on the balance of the loan. The loan may be repaid any time prior to the 10 year date without penalty. (This debt is serviced by the Southeast Project Area Debt Service Fund).	500,000
$1,750,000 Bakersfield Redevelopment Agency Loan with the California Housing Finance Agency (CHFA) for the purpose of site acquisition and development of multifamily housing units for the Citywalk Project. Repayment of the loan is deferred for 10 years, with 3% simple interest accruing on the balance of the loan. The loan may be repaid any time prior to the 10 year date without penalty. (This debt is serviced by the Southeast Project Area Debt Service Fund).	1,333,031
$785,000 Bakersfield Redevelopment Inter-Agency Loan with the City of Bakersfield Equipment Fund to provide the balance required for settlement of eminent domain litigation entitled Bakersfield Redevelopment Agency vs. H.W. Lakeshore Pines Joint Venture. Funds were disbursed May 2006. The loan has a 4% interest rate and an eight year payment period with the payments being deferred for the first four years. (This debt is serviced by the Southeast Project Area Debt Service Fund).	785,000
$1,600,000 HUD Section 108 Loan, 2005 – due in annual principle installments of $58,000 to $137,000 commencing on August 1, 2009 through August 2027: interest ranging from 4.96% to 5.77%. (This debt is serviced by the Southeast Project Area Debt Service Fund).	1,600,000
$3,750,000 HUD Section 108 Loan, 2006 – due in annual principle installments of $136,000 to $321,000 commencing on August 1, 2008 through August 2026: interest ranging from 2.62% to 5.42%. (This debt is serviced by the Southeast Project Area Debt Service Fund).	3,750,000
$3,000,000 Bakersfield Redevelopment Agency Loan with the California Housing Finance Agency (CHFA) to assist with site acquisition and construction costs for the development of the Creek View Villas. Only $1,000,000 of the loan was dispersed in fiscal year 2008. Annual principle installments of $565,064 to $635,983 will commence on October 1, 2009 through October 2014: interest rate at 3%. (This debt is serviced by the Southeast Project Area Debt Service Fund).	1,000,000
Total Long-Term Debt Payable	$ 43,618,058

The annual requirements to amortize all Certificates of Participation, Reimbursement Agreements, Development Agreements and Loans Payable outstanding as of June 30, 2008, including future interest payments of $16,431,660 are as follows:

Annual Requirements to Amortize Long Term Debt
June 30, 2008

	Certificates of Participation		Reimbursement / Development Loan Agreements		
June 30	Principal	Interest	Principal	Interest	Total
2009	$ 1,700,000	$ 1,445,950	$ 611,724	$ 392,653	$ 4,150,327
2010	1,765,000	1,377,950	1,071,792	561,653	4,776,395
2011	1,845,000	1,307,350	1,666,962	575,001	5,394,313
2012	1,910,000	1,233,550	1,205,628	385,258	4,734,436
2013	1,985,000	1,154,576	1,240,299	343,432	4,723,307
2014 – 2018	11,450,000	4,243,600	2,372,653	1,263,924	19,330,177
2019 – 2023	11,275,000	1,261,775	2,029,000	739,239	15,305,014
2024 – 2028			1,490,000	145,749	1,635,749
Totals	$ 31,930,000	$ 12,024,751	$ 11,688,058	$4,406,909	$ 60,049,718

NOTE 7 – <u>INTERFUND TRANSFERS</u>

The composition of Interfund Transfers as of June 30, 2008, is as follows:

Transfer from Southeast Project Area Operating Fund to Housing Fund for the Housing Set-Aside of Gross Tax Increment	$ 930,000
Transfer from Southeast Project Area Operating Fund to Debt Service Fund for Debt Service Payments	514,552
Transfer from Old Town Kern / Pioneer Project Area Operating Fund to Housing Fund for the Housing Set-Aside of Gross Tax Increment	1,199,000
Transfer from Old Town Kern / Pioneer Project Area Fund to Debt Service Fund for Debt Service Payments	77,488
Transfer from Downtown Project Area Operating fund to Housing Fund for the Housing Set-Aside of Gross Tax Increment	750,000
Transfer from Downtown Project Area Operating Fund to Debt Service Fund for Debt Service Payments	1,410,349
Total	$ 4,881,389

NOTE 8 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2008, expenditures exceeded appropriations in the Fund Financial Statements as follows:

Appropriations Category	Excess Expenditures
Major Funds:	
Southeast Operating Fund:	
Non-departmental costs	$ 15,491
Transfers to other funds	316,000
Old Town Kern Operating Fund:	
Non-departmental costs	1,871
Transfers to other funds	205,000
Downtown Operating Fund:	
Transfers to other funds	380,000
Downtown Debt Service Fund:	
Debt service - interest	9,698
Debt service – principle	2,336
Non-major Funds:	
Southeast Debt Service Fund:	
Debt service - principal	7,979

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY INFORMATION

Through the budget process, members of the Bakersfield Redevelopment Agency and the members of the Bakersfield City Council set the direction of the Agency and the City, allocate it's resources and establish it's priorities. The annual budget assures the efficient and effective use of economic resources, as well as establishing that the highest priority objectives are accomplished.

The annual budget serves from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the Agency's performance.

The budget process begins as a team effort in January of each year, starting with an annual strategic planning meeting. Then the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Manager's Office and the Finance Department review all budget proposals and revenues assumptions, as well as all current financial obligations before preparing the document that is proposed to the Members of the Redevelopment Agency.

The Members of the Agency review the proposed budget, and after their comments are incorporated into the document, the budget is submitted to the City Council for final approval. The City Council reviews the Proposed Budget through a series of workshops and the final adoption of the budget is normally scheduled for the second City Council meeting each June.

At the beginning of each fiscal year, certain appropriations are "carried forward" from the prior budget year. These items generally relate to either open encumbrances that exist at June 30, or capital projects that were budgeted in the prior fiscal year that did not progress to the encumbrance stage as of June 30. Amounts carried forward from fiscal year 2006-07 to fiscal year 2007-08 totaled $11,543,551.

The following schedules represent budgetary comparisons for all major funds within the Bakersfield Redevelopment Agency.

BAKERSFIELD REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION (Continued)
BUDGETARY COMPARISON SCHEDULE
SOUTHEAST PROJECT AREA - OPERATING FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Fund Balance, July 1	$ 1,682,186	$ 4,302,511	$ 4,302,511	$ -
Resources (inflows):				
Taxes	2,410,800	2,410,800	3,659,589	1,248,789
Intergovernmental	44,000	794,000	50,104	(743,896)
Miscellaneous	50,000	50,000	252,763	202,763
Note/certificate proceeds	-	3,750,000	3,750,000	-
Amount available for appropriation	2,504,800	7,004,800	7,712,456	707,656
Charges to appropriations (outflows):				
Current:				
Economic development	220,100	1,461,497	266,647	1,194,850
Nondepartmental	40,000	40,000	55,491	(15,491)
Capital outlay - housing	2,650,000	8,169,953	3,711,472	4,458,481
Transfers to other funds	1,187,400	1,187,400	1,444,552	(257,152)
Total charges to appropriations	4,097,500	10,858,850	5,478,162	5,380,688
Net changes in fund balance	(1,592,700)	(3,854,050)	2,234,294	6,088,344
Fund balance - June 30	$ 89,486	$ 448,461	$ 6,536,805	$ 6,088,344

BAKERSFIELD REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION (Continued)
BUDGETARY COMPARISON SCHEDULE
SOUTHEAST PROJECT AREA - HOUSING FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Fund Balance, July 1	$ 413,123	$ 2,521,935	$ 2,521,935	$ -
Resources (inflows):				
Miscellaneous	520,000	520,000	333,385	(186,615)
Note/certificate proceeds	3,000,000	3,000,000	1,000,000	(2,000,000)
Transfers from other funds	614,000	614,000	930,000	316,000
Amount available for appropriation	4,134,000	4,134,000	2,263,385	(1,870,615)
Charges to appropriations (outflows):				
Current:				
Low / moderate housing	2,500,000	2,627,293	274,438	2,352,855
Capital outlay - housing	2,000,000	3,499,900	1,965,853	1,534,047
Total charges to appropriations	4,500,000	6,127,193	2,240,291	3,886,902
Net changes in fund balance	(366,000)	(1,993,193)	23,094	2,016,287
Fund balance - June 30	$ 47,123	$ 528,742	$ 2,545,029	$ 2,016,287

BAKERSFIELD REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION (Continued)
BUDGETARY COMPARISON SCHEDULE
OLD TOWN KERN PROJECT AREA - OPERATING FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Fund Balance, July 1	$ 976,787	$ 1,753,692	$ 1,753,692	$ -
Resources (inflows):				
Taxes	1,492,500	1,492,500	2,274,222	781,722
Intergovernmental	5,000	5,000	10,159	5,159
Miscellaneous	20,000	20,000	102,108	82,108
Note/certificate proceeds		11,000,000	854,087	(10,145,913)
Amount available for appropriation	1,517,500	12,517,500	3,240,576	(9,276,924)
Charges to appropriations (outflows):				
Current:				
Economic development	159,300	1,226,429	954,212	272,217
Nondepartmental	20,000	30,000	31,871	(1,871)
Capital outlay - housing	620,000	11,932,666	881,096	11,051,570
Transfers to other funds	263,340	1,101,487	1,276,488	(175,001)
Total charges to appropriations	1,062,640	14,290,582	3,143,667	11,146,915
Net changes in fund balance	454,860	(1,773,082)	96,909	1,869,991
Fund balance - June 30	$ 1,431,647	$ (19,390)	$ 1,850,601	$ 1,869,991

BAKERSFIELD REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION (Continued)
BUDGETARY COMPARISON SCHEDULE
DOWNTOWN PROJECT AREA - OPERATING FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Fund Balance, July 1	19,013	584,495	584,495	-
Resources (inflows):				
Taxes	1,844,000	1,844,000	2,076,501	232,501
Intergovernmental	500	500	371	(129)
Miscellaneous	10,000	10,000	43,216	33,216
Amount available for appropriation	1,854,500	1,854,500	2,120,088	265,588
Charges to appropriations (outflows):				
Current:				
Economic development	143,550	226,613	57,122	169,491
Nondepartmental	30,000	30,000	25,441	4,559
Capital outlay - housing	-	225,000	-	225,000
Transfers to other funds	1,587,000	1,587,000	1,954,856	(367,856)
Total charges to appropriations	1,760,550	2,068,613	2,037,419	31,194
Net changes in fund balance	93,950	(214,113)	82,669	296,782
Fund balance - June 30	$ 112,963	$ 370,382	$ 667,164	$ 296,782

BAKERSFIELD REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION (Concluded)
BUDGETARY COMPARISON SCHEDULE
DOWNTOWN PROJECT AREA - HOUSING FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Fund Balance, July 1	$ 107,375	$ 849,352	$ 849,352	$ -
Resources (inflows):				
Miscellaneous	10,000	10,000	36,008	26,008
Transfers from other funds	370,000	370,000	750,000	380,000
Amount available for appropriation	380,000	380,000	786,008	406,008
Charges to appropriations (outflows):				
Current-				
Low / moderate housing	200,000	890,350	70,000	820,350
Transfers to other funds	205,495	205,495	205,493	2
Total charges to appropriations	405,495	1,095,845	275,493	820,352
Net changes in fund balance	(25,495)	(715,845)	510,515	1,226,360
Fund balance - June 30	$ 81,880	$ 133,507	$ 1,359,867	$ 1,226,360

REQUIRED SUPPLEMENTARY INFORMATION (Continued)
BUDGETARY COMPARISON SCHEDULE
DOWNTOWN PROJECT AREA - DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Fund Balance, July 1	$ 10,413	$ 12,255	$ 12,255	$ -
Resources (inflows):				
Charges for service	3,209,045	3,209,045	3,141,150	(67,895)
Miscellaneous	-	-	6,159	6,159
Transfers from other funds	1,422,495	1,422,495	1,410,349	(12,146)
Amount available for appropriation	4,631,540	4,631,540	4,557,658	(73,882)
Charges to appropriations (outflows):				
Debt service:				
Principal retirement	3,012,097	3,012,097	3,003,775	8,322
Interest and fiscal charges	1,619,440	1,615,940	1,557,744	58,196
Total charges to appropriations	4,631,537	4,628,037	4,561,519	66,518
Net changes in fund balance	3	3,503	(3,861)	(7,364)
Fund balance - June 30	$ 10,416	$ 15,758	$ 8,394	$ (7,364)

SUPPLEMENTARY INFORMATION

- Non-Major Governmental Funds

BAKERSFIELD REDEVELOPMENT AGENCY
BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2008

	Southeast Project Area	Old Town Kern / Pioneer Project Area		Total Non-Major
	Debt Service Fund	Housing Fund	Debt Service Fund	Governmental Funds
Assets:				
Cash and short-term investments	$ -	$ 1,473,054	$ -	$ 1,473,054
Accrued interest receivable		4,754		4,754
Total assets	-	1,477,808	-	1,477,808
Fund equity and other credits-				
Fund balances:				
Unreserved:				
Designated for housing		1,477,808		1,477,808
Total fund equity and other credits	-	1,477,808	-	1,477,808
Total liabilities, fund equity and other credits	$ -	$ 1,477,808	$ -	$ 1,477,808

BAKERSFIELD REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2008

	Southeast Project Area	Old Town Kern Project Area		Total Non-Major
	Debt Service Fund	Housing Fund	Debt Service Fund	Governmental Funds
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental				-
Miscellaneous		23,749		23,749
Total revenues	-	23,749	-	23,749
Expenditures:				
Capital outlay - housing		499,226		499,226
Debt service:				
Principal retirement	237,824		32,000	269,824
Interest and fiscal charges	276,728		45,488	322,216
Total expenditures	514,552	499,226	77,488	1,091,266
Excess / (Deficiency) of revenues over / (under) expenditures	(514,552)	(475,477)	(77,488)	(1,067,517)
Other financing sources (uses):				
Transfers in	514,552	1,199,000	77,488	1,791,040
Total other financing sources	514,552	1,199,000	77,488	1,791,040
Net changes in fund balance	-	723,523	-	723,523
Fund balance - July 1	-	754,285	-	754,285
Fund balance - June 30	$ -	$ 1,477,808	$ -	$ 1,477,808

SOUTHEAST BAKERSFIELD PROJECT AREA

CAPITAL PROJECT FUNDS

- The Redevelopment Operating Fund is used to account for the cost of various capital projects and programs within each redevelopment project area. Financing is provided by the issuance of tax allocation bonds, certificates of participation and tax increment revenues.

- The Low and Moderate Income Housing Fund is used to account for the 25% tax increment revenue set-aside for low and moderate income housing within each project area.

DEBT SERVICE FUND

- This fund accounts for the accumulation of resources for the payment of reimbursements due under various development and/or reimbursement agreements. This fund also accounts for the payments of a $3,750,000 HUD Section 108 loan dedicated to the Mill Creek South Mixed Use project, due in annual principle installments of $136,000 to $321,000 commencing August 1, 2008 through August 1, 2026; interest ranging from 2.62% to 5.42%, and a $1,750,000 CHFA Help loan dedicated to the "Q" Street Apartments, due in annual principle installments of $249,964 to $280,471 commencing October 1, 2006 through October 1, 2013; interest rate of 3%.

BAKERSFIELD REDEVELOPMENT AGENCY
SOUTHEAST PROJECT AREA
CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET

June 30, 2008

	Redevelopment Operating	Low and Moderate Income Housing	Total
Assets:			
Cash and short-term investments	$ 6,347,668	$ 2,525,067	$ 8,872,735
Accrued interest receivable	43,033	23,087	66,120
Due from other governments	160,559		160,559
Total assets	$ 6,551,260	$ 2,548,154	$ 9,099,414
Liabilities and fund balances:			
Liabilities:			
Accounts payable	5,093	3,125	8,218
Treasurer miscellaneous trust	1,500		1,500
Finance Misc trust	7,862		7,862
Total Liabilities	14,455	3,125	17,580
Fund balances:			
Reserved for-			
Encumbrances	86,711	170,955	257,666
Unreserved:			
Designated for Housing		2,374,074	2,374,074
Undesignated	6,450,094		6,450,094
Total fund balances	6,536,805	2,545,029	9,081,834
Total liabilities and fund balances	$ 6,551,260	$ 2,548,154	$ 9,099,414

BAKERSFIELD REDEVELOPMENT AGENCY
SOUTHEAST PROJECT AREA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2008

	Redevelopment Operating	Low and Moderate Income Housing	Total
Revenues:			
Taxes	$ 3,659,589	$ -	$ 3,659,589
Intergovernmental	50,104		50,104
Miscellaneous	252,763	333,385	586,148
Total revenues	3,962,456	333,385	4,295,841
Expenditures:			
Current:			
Economic development	266,647	274,438	541,085
Nondepartmental	55,491		55,491
Capital outlay - housing	3,711,472	1,965,853	5,677,325
Total expenditures	4,033,610	2,240,291	6,273,901
Excess of revenues over expenditures	(71,154)	(1,906,906)	(1,978,060)
Other financing sources (uses):			
Note/certificate proceeds	3,750,000	1,000,000	4,750,000
Transfers in		930,000	930,000
Transfers out	(1,444,552)		(1,444,552)
Total other financing sources (uses)	2,305,448	1,930,000	4,235,448
Net changes in fund balance	2,234,294	23,094	2,257,388
Fund balance - July 1	4,302,511	2,521,935	6,824,446
Fund balance - June 30	$ 6,536,805	$ 2,545,029	$ 9,081,834

BAKERSFIELD REDEVELOPMENT AGENCY
SOUTHEAST PROJECT AREA
REDEVELOPMENT OPERATING CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes:			
Current secured property	$ 2,765,300	$ 4,008,479	$ 1,243,179
Current unsecured property	126,500	204,652	78,152
Delinquent taxes and penalties	133,000	360,026	227,026
Local Agency Passthrough	(614,000)	(913,568)	(299,568)
Total taxes	2,410,800	3,659,589	1,248,789
Intergovernmental:			
Federal Grants	750,000		(750,000)
Homeowners subvention	44,000	50,104	6,104
Total intergovernmental revenue	794,000	50,104	(743,896)
Miscellaneous revenue-			
Interest on investments	50,000	225,980	175,980
Rents and Royalties		4,500	4,500
Contributions & Donations		5,000	5,000
Pr yr reimbursements		17,283	17,283
Total miscellaneous revenue	50,000	252,763	202,763
Total revenues	3,254,800	3,962,456	707,656
Expenditures:			
Current:			
Economic development	1,461,497	266,647	1,194,850
Nondepartmental	40,000	55,491	(15,491)
Capital outlay - housing	8,169,953	3,711,472	4,458,481
Total expenditures	9,671,450	4,033,610	5,637,840
Excess (Deficiency) of revenues over (under) expenditures	(6,416,650)	(71,154)	6,345,496
Other financing sources (uses):			
Transfers in/(out):			
Note/certificate proceeds	3,750,000	3,750,000	-
Debt service	(573,400)	(514,552)	58,848
Housing	(614,000)	(930,000)	(316,000)
Total other financing sources (uses)	2,562,600	2,305,448	(257,152)
Net changes in fund balance	(3,854,050)	2,234,294	6,088,344
Fund balance - July 1	4,302,511	4,302,511	-
Fund balance - June 30	$ 448,461	$ 6,536,805	$ 6,088,344

BAKERSFIELD REDEVELOPMENT AGENCY
SOUTHEAST PROJECT AREA
LOW AND MODERATE INCOME HOUSING
CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

	Budget	Actual	Variance with Final Budget
Revenues-			
Miscellaneous:			
Interest on investments	$ 20,000	$ 113,361	$ 93,361
Other loan collections	500,000	220,000	(280,000)
Other revenue		24	24
Total revenues	520,000	333,385	(186,615)
Expenditures:			
Current	2,627,293	274,438	2,352,855
Capital outlay - housing	3,499,900	1,965,853	1,534,047
Total expenditures	6,127,193	2,240,291	3,886,902
Excess (Deficiency) of revenues over (under) expenditures	(5,607,193)	(1,906,906)	3,700,287
Other financing sources:			
Note/certificate proceeds	3,000,000	1,000,000	(2,000,000)
Transfers in-			
Redevelopment Operating	614,000	930,000	316,000
Total other financing sources (uses)	3,614,000	1,930,000	(1,684,000)
Net changes in fund balance	(1,993,193)	23,094	2,016,287
Fund balance - July 1	2,521,935	2,521,935	-
Fund balance - June 30	$ 528,742	$2,545,029	$ 2,016,287

BAKERSFIELD REDEVELOPMENT AGENCY
SOUTHEAST PROJECT AREA
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

	Budget	Actual	Variance with Final Budget
Expenditures-			
Debt service-			
Principal retirement:			
Specialty Trim & Awning	$ 1,500	$ 1,251	$ 249
CHFA-Help Loan-Citywalk	244,552	236,573	7,979
Total principal retirement	246,052	237,824	8,228
Interest and fiscal charges-			
CHFA-Help Loan-Citywalk	47,088	55,067	(7,979)
Section 108	280,260	221,661	58,599
Total expenditures	573,400	514,552	58,848
Deficiency of revenues under expenditures	(573,400)	(514,552)	58,848
Other financing sources-			
Transfers in	573,400	514,552	(58,848)
Total other financing sources	573,400	514,552	(58,848)
Net changes in fund balance	-	-	-
Fund balance - July 1	-	-	-
Fund balance - June 30	$ -	$ -	$ -

OLD TOWN KERN - PIONEER PROJECT AREA

CAPITAL PROJECT FUNDS

- The Redevelopment Operating Fund is used to account for the cost of various capital projects and programs within each redevelopment project area. Financing is provided by the issuance of tax allocation bonds, certificates of participation and tax increment revenues.

- The Low and Moderate Income Housing Fund is used to account for the 25% tax increment revenue set-aside for low and moderate income housing within each project area.

DEBT SERVICE FUND

- This fund accounts for the accumulation of resources for the payment of a $1,000,000 HUD Section 108 loan. The funds were dedicated to a Mixed Use Facility to help revitalize the Baker Street Area. The loan is due in annual principal installments of $27,000 to $82,000 commencing August 1, 2004 through August 1, 2024; interest ranging from 1.61% to 476%.

BAKERSFIELD REDEVELOPMENT AGENCY
OLD TOWN KERN - PIONEER PROJECT AREA
CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET

June 30, 2008

	Redevelopment Operating	Low and Moderate Income Housing	Total
Assets:			
Cash and short-term investments	$ 1,362,994	$ 1,473,054	$ 2,836,048
Accrued interest receivable	22,840	4,754	27,594
Accounts receivable	520,747		520,747
Due from other governments	75,362		75,362
Total assets	1,981,943	1,477,808	3,459,751
Liabilities and fund balances:			
Liabilities-			
Accounts payable	131,342		131,342
Total Liabilities	131,342	-	131,342
Fund balances:			
Reserved for-			
Encumbrances	1,750,528		1,750,528
Unreserved:			
Designated for Housing	-	1,477,808	1,477,808
Undesignated	100,073		100,073
Total fund balances	1,850,601	1,477,808	3,328,409
Total liabilities and fund balances	$ 1,981,943	$ 1,477,808	$ 3,459,751

BAKERSFIELD REDEVELOPMENT AGENCY
OLD TOWN KERN - PIONEER PROJECT AREA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2008

	Redevelopment Operating	Low and Moderate Income Housing	Total
Revenues:			
Taxes	$ 2,274,222		$ 2,274,222
Intergovernmental	10,159		10,159
Miscellaneous	102,108	23,749	125,857
Total revenues	2,386,489	23,749	2,410,238
Expenditures:			
Current:			
Economic development	954,212		954,212
Nondepartmental	31,871		31,871
Capital outlay - housing	881,096	499,226	1,380,322
Total expenditures	1,867,179	499,226	2,366,405
Excess of revenues over expenditures	519,310	(475,477)	43,833
Other financing sources (uses):			
Note/certificate proceeds	854,087		854,087
Transfers in	-	1,199,000	1,199,000
Transfers out	(1,276,488)		(1,276,488)
Total other financing sources (uses)	(422,401)	1,199,000	776,599
Net changes in fund balance	96,909	723,523	820,432
Fund balance - July 1	1,753,692	754,285	2,507,977
Fund balance - June 30	$ 1,850,601	$ 1,477,808	$ 3,328,409

BAKERSFIELD REDEVELOPMENT AGENCY
OLD TOWN KERN - PIONEER PROJECT AREA
REDEVELOPMENT OPERATING CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes:			
Current secured property	$ 1,695,500	$ 2,497,275	$ 801,775
Current unsecured property	115,000	211,144	96,144
Delinquent taxes and penalties	57,000	128,930	71,930
Local Agency Passthrough	(375,000)	(563,127)	(188,127)
Total taxes	1,492,500	2,274,222	781,722
Intergovernmental-			
Homeowners subvention	5,000	10,159	5,159
Total intergovernmental revenue	5,000	10,159	5,159
Miscellaneous revenue:			
Interest on investments	20,000	102,108	82,108
Total miscellaneous revenue	20,000	102,108	82,108
Total revenues	1,517,500	2,386,489	868,989
Expenditures:			
Current:			
Economic development	1,226,429	954,212	272,217
Nondepartmental	30,000	31,871	(1,871)
Capital outlay - housing	11,932,666	881,096	11,051,570
Total expenditures	13,189,095	1,867,179	11,321,916
Excess (Deficiency) of revenues over (under) expenditures	(11,671,595)	519,310	12,190,905
Other financing sources (uses):			
Transfers in (out):			
Note/certificate proceeds	11,000,000	854,087	11,854,087
Debt service	(107,487)	(77,488)	29,999
Housing	(994,000)	(1,199,000)	(205,000)
Total other financing sources (uses)	9,898,513	(422,401)	(10,320,914)
Net changes in fund balance	(1,773,082)	96,909	1,869,991
Fund balance - July 1	1,753,692	1,753,692	-
Fund balance - June 30	$ (19,390)	$ 1,850,601	$ 1,869,991

BAKERSFIELD REDEVELOPMENT AGENCY
OLD TOWN KERN - PIONEER PROJECT AREA
LOW AND MODERATE INCOME HOUSING
CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

	Budget	Actual	Variance with Final Budget
Revenues-			
Miscellaneous-			
Interest on investments	$ 5,000	$ 23,749	$ 18,749
Total revenues	5,000	23,749	18,749
Expenditures-			
Capital outlay - housing	1,479,000	499,226	979,774
Total expenditures	1,479,000	499,226	979,774
Excess (Deficiency) of revenues over (under) expenditures	(1,474,000)	(475,477)	998,523
Other financing sources:			
Transfers in -			
Redevelopment Operating	994,000	1,199,000	205,000
Net changes in fund balance	(480,000)	723,523	1,203,523
Fund balance - July 1	754,285	754,285	-
Fund balance - June 30	$ 274,285	$ 1,477,808	$ 1,203,523

BAKERSFIELD REDEVELOPMENT AGENCY
OLD TOWN KERN - PIONEER PROJECT AREA
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

June 30, 2008

	Budget	Actual	Variance with Final Budget
Expenditures-			
Debt service:			
Principal retirement-			
Section 108	$ 32,000	$ 32,000	$ -
Interest and fiscal charges-			
CHFA-Help Loan	30,000	-	30,000
Section 108	45,488	45,488	-
Total expenditures	107,488	77,488	30,000
Deficiency of revenues under expenditures	(107,488)	(77,488)	30,000
Other financing sources-			
Transfers in	107,488	77,488	(30,000)
Total other financing sources	107,488	77,488	(30,000)
Net changes in fund balance	-	-	-
Fund balance - July 1	-	-	-
Fund balance - June 30	-	-	-

DOWNTOWN BAKERSFIELD PROJECT AREA

CAPITAL PROJECT FUNDS

- The Redevelopment Operating Fund is used to account for the cost of various capital projects and programs within each redevelopment project area. Financing is provided by the issuance of tax allocation bonds, certificates of participation and tax increment revenues.

- The Low and Moderate Income Housing Fund is used to account for the 30% tax increment revenue set-aside for low and moderate income housing within each project area.

DEBT SERVICE FUND

- This fund accounts for the accumulation of resources for the payment of $34,805,000 Certificates of Participation (Refunding Certificates of 2006) and reimbursements due under various development agreements entered into by the Agency. The Series 2006A Certificate is comprised of $25,335,000 serial certificates with interest ranging from 4.00% to 5.00% in annual installments of $900,000 to $2,170,000. The Series 2006B Certificate is comprised of $7,100,000 serial certificates with interest ranging from 4.00% to 5.00% in annual installments of $345,000 and $830,000 and $2,370,000 term certificates due April 1, 2022 with interest of 5.59%. The term certificates maturing on April 1, 2022 are subject to mandatory redemption by lot on each April 1 in annual installments of $750,000 to $830,000 commencing April 1, 2018. This fund also accounts for the accumulation of resources for the payment of $1,200,000 CHFA Help loan, dedicated to Central Park Cottages, with annual principle installments from $177,260 to $199,505, commencing on October 1, 2002 through October 1, 2013; interest rate of 3%.

BAKERSFIELD REDEVELOPMENT AGENCY
DOWNTOWN REDEVELOPMENT PROJECT AREA
CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET

June 30, 2008

	Redevelopment Operating	Low and Moderate Income Housing	Total
Assets:			
Cash and short-term investments	$ 583,353	$ 1,352,241	$ 1,935,594
Accrued Interest receivable	10,004	7,626	17,630
Due from other government	74,292		74,292
Notes Receivable		2,100,000	2,100,000
Total assets	667,649	3,459,867	4,127,516
Liabilities and fund balances:			
Liabilities:			
Accounts payable	485		485
Deferred revenue		2,100,000	2,100,000
Total liabilities	485	2,100,000	2,100,485
Fund balances-			
Reserved for-			
Encumbrances	12,250	12,750	25,000
Unreserved:			
Designated for Housing		1,347,117	1,347,117
Undesignated	654,914		654,914
Total fund balances	667,164	1,359,867	2,027,031
Total liabilities and fund balances	$ 667,649	$ 3,459,867	$ 4,127,516

BAKERSFIELD REDEVELOPMENT AGENCY
DOWNTOWN REDEVELOPMENT PROJECT AREA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2008

	Redevelopment Operating	Low and Moderate Income Housing	Total
Revenues:			
Taxes	$ 2,076,501	$ -	$ 2,076,501
Intergovernmental	371		371
Miscellaneous	43,216	36,008	79,224
Total revenues	2,120,088	36,008	2,156,096
Expenditures-			
Current:			
Economic development	57,122		57,122
Low / moderate housing		70,000	70,000
Nondepartmental	25,441		25,441
Total expenditures	82,563	70,000	152,563
Excess (deficiency) of revenues over (under) expenditures	2,037,525	(33,992)	2,003,533
Other financing sources (uses):			
Transfers in		750,000	750,000
Transfers out	(1,954,856)	(205,493)	(2,160,349)
Total other financing sources (uses)	(1,954,856)	544,507	(1,410,349)
Net changes in fund balance	82,669	510,515	593,184
Fund balance - July 1	584,495	849,352	1,433,847
Fund balance - June 30	$ 667,164	$ 1,359,867	$ 2,027,031

BAKERSFIELD REDEVELOPMENT AGENCY
DOWNTOWN REDEVELOPMENT PROJECT AREA
REDEVELOPMENT OPERATING CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes:			
Current secured property	$ 1,613,000	$ 1,786,875	$ 173,875
Current unsecured property	209,000	253,567	44,567
Delinquent taxes and penalties	22,000	36,059	14,059
Total taxes	1,844,000	2,076,501	232,501
Intergovernmental-			
Homeowners subvention	500	371	(129)
Total intergovernmental revenue	500	371	(129)
Miscellaneous revenue:			
Interest on investments	10,000	43,216	33,216
Total miscellaneous revenue	10,000	43,216	33,216
Total revenues	1,854,500	2,120,088	265,588
Expenditures:			
Current:			
Economic development	226,613	57,122	169,491
Nondepartmental	30,000	25,441	4,559
Capital outlay - housing	225,000		225,000
Total expenditures	481,613	82,563	399,050
Excess of revenues over expenditures	1,372,887	2,037,525	664,638
Other financing uses:			
Transfers out:			
Debt service	(1,217,000)	(1,204,856)	12,144
Housing	(370,000)	(750,000)	(380,000)
Total other financing uses	(1,587,000)	(1,954,856)	(367,856)
Net changes in fund balance	(214,113)	82,669	296,782
Fund balance - July 1	584,495	584,495	-
Fund balance - June 30	$ 370,382	$ 667,164	$ 296,782

BAKERSFIELD REDEVELOPMENT AGENCY
DOWNTOWN REDEVELOPMENT PROJECT AREA
LOW AND MODERATE INCOME HOUSING
CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

	Budget	Actual	Variance with Final Budget
Revenues-			
Miscellaneous-			
Interest on investments	$ 10,000	$ 36,008	$ 26,008
Total revenues	10,000	36,008	26,008
Expenditures-			
Current	890,350	70,000	820,350
Total expenditures	890,350	70,000	820,350
Deficiency of revenues under expenditures	(880,350)	(33,992)	846,358
Other financing sources-			
Transfers in -	370,000	750,000	380,000
Transfers out -			
Redevelopment Operating	(205,495)	(205,493)	2
Total Other financing sources	164,505	544,507	380,002
Net changes in fund balance	(715,845)	510,515	1,226,360
Fund balance - July 1	849,352	849,352	-
Fund balance - June 30	$ 133,507	$ 1,359,867	$ 1,226,360

BAKERSFIELD REDEVELOPMENT AGENCY
DOWNTOWN REDEVELOPMENT PROJECT AREA
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

	Budget	Actual	Variance with Final Budget
Revenues:			
Charges for service-			
Capital lease income	$ 3,209,045	$ 3,141,150	$ (67,895)
Total charges for service	3,209,045	3,141,150	(67,895)
Miscellaneous revenue:			
Interest on Investments		5,234	5,234
Other interest and penalties		925	925
Total miscellaneous revenue	-	6,159	6,159
Total revenues	3,209,045	3,147,309	(61,736)
Expenditures-			
Debt service:			
Principal retirement:			
Certificate of participation, 2006 Series A	1,190,000	1,190,000	-
Certificate of participation, 2006 Series B	440,000	440,000	-
City/CDDA reimbursement	1,200,000	1,200,000	-
CHF Help Loan	172,097	166,439	5,658
Chamber of Commerce	5,000	7,336	(2,336)
Bentley	5,000		5,000
Total principal retirement	3,012,097	3,003,775	8,322
Interest and fiscal charges:			
Certificate of participation, 2006:			
Interest - Series A	1,078,950	1,078,950	-
Interest - Series B	500,094	432,200	67,894
Fiscal charges	3,500	7,540	(4,040)
CHFA Help Loan			
Interest	33,396	39,054	(5,658)
Total interest and fiscal charges	1,615,940	1,557,744	58,196
Total expenditures	4,628,037	4,561,519	66,518
Deficiency of revenues under expenditures	(1,418,992)	(1,414,210)	4,782
Other financing sources-			
Transfers in	1,422,495	1,410,349	(12,146)
Total other financing sources	1,422,495	1,410,349	(12,146)
Net changes in fund balance	3,503	(3,861)	(7,364)
Fund balance - July 1	12,255	12,255	-
Fund balance - June 30	$ 15,758	$ 8,394	$ (7,364)

BAKERSFIELD REDEVELOPMENT AGENCY

TAX INCREMENT ASSESSED VALUATIONS

Last Ten Fiscal Years

Fiscal Year		Secured State Assessed	Secured Locally Assessed	Unsecured	Total
1998-99		1,751,443	67,179,157	15,880,707	84,811,307
1999-00		13,376	87,652,103	15,148,396	102,813,875
2000-01	(1)	(1,880,773)	105,299,520	31,030,053	134,448,800
2001-02	(1)	(1,551,007)	138,998,912	49,211,952	186,659,857
2002-03	(1)	(2,328,059)	159,520,040	49,421,134	206,613,115
2003-04	(1)	(3,260,400)	193,927,331	61,953,460	252,620,391
2004-05	(1)	8,142,976	912,395,120	103,429,541	1,023,967,637
2005-06	(1)	9,004,504	1,020,856,570	105,938,147	1,135,799,221
2006-07	(1)	8,455,695	1,203,739,695	118,250,848	1,330,446,238
2007-08	(1)	2,405,547	1,471,115,445	137,034,971	1,610,555,963

Notes: 1. Figures beginning in fiscal 2000-01 reflect a combination of three project areas. Prior to the 2000-01 fiscal year, the tax increment assessed values reflected only the Downtown Bakersfield Project Area. Tax increment details, by project area for the current fiscal, year are shown below:

Southeast Bakersfield Project Area

	Secured State Assessed	Secured Locally Assessed	Unsecured	Total
Tax Increment	$ 780,329	$ 771,196,410	$ 53,457,181	$ 825,433,920

Old Town Kern - Pioneer Project Area

	Secured State Assessed	Secured Locally Assessed	Unsecured	Total
Tax Increment	$ 1,625,218	$ 537,599,820	$ 58,419,341	$ 597,644,379

Downtown Bakersfield Project Area

	Secured State Assessed	Secured Locally Assessed	Unsecured	Total
Tax Increment	$ -	$ 162,319,215	$ 25,158,449	$ 187,477,664

Source : County of Kern

BAKERSFIELD REDEVELOPMENT AGENCY

REVENUE BY SOURCE - ALL FUNDS

Last Ten Fiscal Years

Fiscal Year		Taxes	Inter-governmental Revenue	Interest Income	Charges for Services/ Rental Income
1998-99		1,354,013	440	278,509	1,010,724
1999-00		1,659,472	465	92,218	3,141,508
2000-01	(1)	1,942,858	422	101,231	3,148,503
2001-02	(1)	2,168,387	20,640	87,816	3,152,182
2002-03	(1)	2,399,161	16,919	47,836	3,147,448
2003-04	(1)	3,387,163	75,794	47,717	3,162,148
2004-05	(1)	3,586,034	281,087	108,788	3,191,383
2005-06	(1)	4,612,918	44,398	195,993	1,126,841
2006-07	(1)	6,374,606	58,617	367,968	2,913,990
2007-08	(1)	8,010,312	60,634	550,580	3,141,150

Notes:
(1) Beginning with the 2000-01 fiscal year, the above figures reflect a combination of the three project areas. Prior to this year, the figures reflect only the Downtown Bakersfield Project Area.
(2) 2006 Arena COP refunding.
(3) Premium on COP refunding debt issue.

Source: City Finance Department

Sale of Property	Proceeds of Debt		Other Revenue		Total
					2,643,686
	1,100,000				5,993,663
					5,193,014
					5,429,025
648,318	1,634,178		465,746		8,359,606
	167,360		247,917		7,088,099
	2,388,134		307,097		9,862,523
	35,784,506	(2)	1,119,446	(3)	42,884,102
1,000,013			252,105		10,967,299
			246,808		12,009,484

BAKERSFIELD REDEVELOPMENT AGENCY

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year		Total Tax Levy	Current Tax Collections	Percent (%) of Levy Collected
1998-99		1,395,248	1,363,816	97.7
1999-00		1,764,505	1,672,269	94.8
2000-01	(4)	1,920,095	1,829,829	95.3
2001-02	(4)	2,358,349	2,150,754	91.2
2002-03	(4)	2,598,218	2,282,518	87.8
2003-04	(4)	2,989,884	2,505,092	83.8
2004-05	(4)	3,451,277	3,438,048	99.6
2005-06	(4)	4,491,498	4,403,351	98.0
2006-07	(4)	6,461,346	5,983,445	92.6
2007-08	(4)	8,683,718	7,508,558	86.5

Notes:

(1) Includes Penalties and Interest

(2) Delinquent Tax Collections for 1998-99 were $13,517. An adjustment made by the county to the unsecured tax roll of ($23,320) resulted in a net negative revenue apportionment of ($9,803).

(3) Delinquent Tax Collections for 1999-00 were $80,252. An adjustment made by the county to the unsecured tax roll of ($93,049) resulted in a net negative revenue apportionment of ($12,797).

(4) Beginning with the 2000-01 fiscal year, the above figures reflect a combination of the three project areas. Prior to this fiscal year, the figures reflect only the Downtown Bakersfield Project Area.

Source: City Finance Department

Delinquent Tax Collections (1)	Total Tax Collections	Percentage (%) of Total Tax Collections to Tax Levy	Current Year Delinquent Taxes	Delinquent Taxes as a Percent (%) of Current Levy
(9,803) (2)	1,354,013	97.0	31,432	2.3
(12,797) (3)	1,659,472	94.0	92,236	5.2
113,029	1,942,858	101.2	90,266	4.7
17,633	2,168,387	91.9	207,595	8.8
116,643	2,399,161	92.3	315,700	12.2
162,071	2,667,163	89.2	484,792	16.2
147,986	3,586,034	103.9	13,229	0.4
209,567	4,612,918	102.7	88,147	2.0
391,161	6,374,606	98.7	477,901	7.4
501,754	8,010,312	92.2	1,175,160	13.5

BAKERSFIELD REDEVELOPMENT AGENCY

EXPENDITURES AND EXPENSES BY ACTIVITY - ALL FUNDS

Last Ten Fiscal Years

		Redevelopment Operating		Arena	
Fiscal Year		Administration	Capital Outlay	Administration	Capital Outlay
1998-99		406,647	3,736		1,930,553
1999-00		734,202	1,100,000		
2000-01	(1)	562,022			
2001-02	(1)	1,132,260			
2002-03	(1)	2,629,514			
2003-04	(1)	1,046,065	498,206		
2004-05	(1)	876,209	2,717,144		
2005-06	(1)	841,902	1,821,023		
2006-07	(1)	777,785	883,209		
2007-08	(1)	1,735,222	7,057,647		

Notes:

(1) Beginning with the 2000-01 fiscal year, the above figures reflect a combination of the three project areas. Prior to this fiscal year, the figures reflect only the Downtown Bakersfield Project Area.

(2) 2006 Arena COP refunding

Source: City Finance Department

Debt Service					
Administration	Principal		Interest	Total
6,235	1,518,633		2,247,432	6,113,236
6,160	2,143,875		2,226,508	6,210,745
6,160	2,256,139		2,183,503	5,007,824
6,160	2,347,796		2,137,183	5,623,399
3,575	2,948,261		2,087,448	7,668,798
3,300	2,798,039		2,041,299	6,386,909
3,300	2,442,610		2,024,961	8,064,224
1,660,137	34,719,582	(2)	1,963,445	41,006,089
4,863	2,751,544		1,984,919	6,402,320
22,536	3,273,599		1,857,424	13,946,428

BAKERSFIELD REDEVELOPMENT AGENCY

ADMINISTRATIVE EXPENDITURES - ALL PROJECT AREAS

Last Ten Fiscal Years

Fiscal Year		Office Expense	Housing Set - Aside	Professional and Consulting	Other Outside Services
1998-99		3,157	344,696	13,627	13,884
1999-00		3,679	676,949	11,718	13,905
2000-01	(1)	2,194	458,671	8,125	20,924
2001-02	(1)	11,058	846,496	42,278	173,539
2002-03	(1)	7,195	265,958	86,693	23,750
2003-04	(1)	1,523	525,070	50,363	7,150
2004-05	(1)	2,865	325,929	19,195	4,411
2005-06	(1)	326	302,248	45,877	3,398
2006-07	(1)	290	533,500	88,252	22,472
2007-08	(1)	15,083	344,438	284,841	53,544

Notes:

(1) Beginning with the 2000-01 fiscal year, the above figures reflect a combination of the three project areas. Prior to this fiscal year, the figures reflect only the Downtown Bakersfield Project Area.

(2) Baker Street Village Project

Source: City Finance Department

Educational Revenue Augmentation Fund		Other Expenses	Total
		31,283	406,647
		27,951	734,202
		38,416	528,330
		58,889	1,132,260
75,460		56,873	515,929
132,543		329,416	1,046,065
248,076		275,733	876,209
286,574		203,479	841,902
		133,271	777,785
	(2)	1,037,316	1,735,222

BAKERSFIELD REDEVELOPMENT AGENCY

PRINCIPAL TAXPAYERS

2007-08

Taxpayer	Type of Business	2007 Assessed Valuation	Percentage of Total Assessed Valuation
Nakanogumi Corporation	Commercial Real Estate	$ 28,835,758	1.98
Lee Development LLC	Commercial Real Estate	21,582,941	1.47
NGP Capital Partners III LP	Commercial Real Estate	18,863,880	1.29
CPT Operating Partnership LP	Commercial Real Estate	16,958,519	1.16
CL Investors	Commercial Real Estate	14,877,720	1.02
UCM Titan Bakersfield Indstl Portfolio	Commercial Real Estate	12,811,200	0.88
Crystal Geyser Water Co. Inc.	Commercial Real Estate	11,315,574	0.78
Fourteen Thirty Truxtun Ave PTP	Commercial Real Estate	9,937,228	0.68
CALCOT LTD	Cotton Production	9,514,942	0.65
Jayden RE LLC	Commercial Real Estate	9,181,529	0.63
Total taxable assessed value of ten (10) largest taxpayers		153,879,291	10.55
Total taxable assessed value of other taxpayers		1,304,546,406	89.45
Total taxable assessed value all taxpayers		$ 1,458,425,697	100.00

Notes:

1. Related parties grouped together on the original source document (county's list of assessed valuations) are included in the total assessed valuation amount for each taxpayer cited.

Source: County of Kern

PROPERTY TAX REIMBURSEMENT
OWNER PARTICIPATION AGREEMENT RA 01-2
(Specialty Trim and Awning - Expansion)
June 30, 2008

Fiscal Year	July 31	Total Requirements
2008-09	1,500	1,500
2009-10	1,500	1,500
2010-11	934	934
	$ 3,934	$ 3,934

REIMBURSEMENT AGREEMENT # RA 06-013
(H.W. Lakeshore Pines Joint Venture)
June 30, 2008

Fiscal Year	Principal	Interest	Total Requirements
2008-09	-	-	-
2009-10	65,661	134,339	200,000
2010-11	171,226	28,774	200,000
2011-12	178,075	21,925	200,000
2012-13	185,198	14,802	200,000
2013-14	184,840	7,394	192,234
	$ 785,000	$ 207,234	$ 992,234

BAKERSFIELD REDEVELOPMENT AGENCY
SOUTHEAST PROJECT AREA
DEBT SERVICE REQUIREMENTS TO MATURITY

HOUSING COMMUNITY DEVELOPMENT (HCD) SECTION 108 LOAN, 2006
(S.E. Economic Development - Millcreek South)
June 30, 2008

	Interest			Principal	
Fiscal Year	August 1	February 1	Total	August 1	Total Requirements
2008-09	97,896	96,047	193,943	136,000	329,943
2009-10	96,047	93,755	189,802	140,000	329,802
2010-11	93,755	91,037	184,792	145,000	329,792
2011-12	91,037	87,928	178,965	151,000	329,965
2012-13	87,928	84,421	172,349	158,000	330,349
2013-14	84,421	80,559	164,980	165,000	329,980
2014-15	80,559	76,364	156,923	173,000	329,923
2015-16	76,364	71,813	148,177	182,000	330,177
2016-17	71,813	66,791	138,604	192,000	330,604
2017-18	66,791	61,350	128,141	202,000	330,141
2018-19	61,350	55,465	116,815	213,000	329,815
2019-20	55,465	49,093	104,558	226,000	330,558
2020-21	49,093	42,240	91,333	239,000	330,333
2021-22	42,240	34,912	77,152	253,000	330,152
2022-23	34,912	27,059	61,971	268,000	329,971
2023-24	27,059	18,659	45,718	284,000	329,718
2024-25	18,659	9,645	28,304	302,000	330,304
2025-26	9,645	-	9,645	321,000	330,645
	$ 1,145,034	$ 1,047,138	$ 2,192,172	$ 3,750,000	$ 5,942,172

BAKERSFIELD REDEVELOPMENT AGENCY
SOUTHEAST PROJECT AREA
DEBT SERVICE REQUIREMENTS TO MATURITY

HOUSING COMMUNITY DEVELOPMENT (HCD) SECTION 108 LOAN, 2005
(Southeast Fire Station)
June 30, 2008

	Interest			Principal	
Fiscal Year	August 1	February 1	Total	August 1	Total Requirements
2008-09	43,284	43,284	86,568		86,568
2009-10	43,284	41,845	85,129	58,000	143,129
2010-11	41,845	40,348	82,193	60,000	142,193
2011-12	40,348	38,792	79,140	62,000	141,140
2012-13	38,792	37,157	75,949	65,000	140,949
2013-14	37,157	35,465	72,622	67,000	139,622
2014-15	35,465	33,666	69,131	71,000	140,131
2015-16	33,666	31,782	65,448	74,000	139,448
2016-17	31,782	29,789	61,571	78,000	139,571
2017-18	29,789	27,643	57,432	81,000	138,432
2018-19	27,643	25,330	52,973	86,000	138,973
2019-20	25,330	22,850	48,180	91,000	139,180
2020-21	22,850	20,205	43,055	96,000	139,055
2021-22	20,205	17,364	37,569	102,000	139,569
2022-23	17,364	14,329	31,693	108,000	139,693
2023-24	14,329	11,103	25,432	114,000	139,432
2024-25	11,103	7,655	18,758	121,000	139,758
2025-26	7,655	3,952	11,607	129,000	140,607
2026-27	3,952		3,952	137,000	140,952
	$ 525,843	$ 482,559	$ 1,008,402	$ 1,600,000	$ 2,608,402

BAKERSFIELD REDEVELOPMENT AGENCY
SOUTHEAST PROJECT AREA
DEBT SERVICE REQUIREMENTS TO MATURITY

CALIFORNIA HOUSING FINANCE AGENCY
CHFA HELP LOAN - RDA AGREEMENT # RA 03-013
("Q" Street Apartments - $1,750,000 at 3% simple interest)
JUNE 30, 2008

	October 1		
Fiscal Year	Principal	Interest	Total Requirements
2008-09	251,082	40,558	291,640
2009-10	258,615	33,025	291,640
2010-11	266,373	25,267	291,640
2011-12	274,365	17,275	291,640
2012-13	282,596	9,044	291,640
	$ 1,333,031	$ 125,169	$ 1,458,200

CALIFORNIA HOUSING FINANCE AGENCY
CHFA HELP LOAN - RDA AGREEMENT # RA 03-001
(Infill Housing Loans - $500,000 at 3% Simple Interest)
JUNE 30, 2008

Estimated - Payment Deferred to March 28, 2011			
Fiscal Year	Principal	Interest	Total Requirements
2008-09	-	-	-
2009-10	-	-	-
2010-11	500,000	150,000	650,000
	$ 500,000	$ 150,000	$ 650,000

BAKERSFIELD REDEVELOPMENT AGENCY
SOUTHEAST PROJECT AREA
DEBT SERVICE REQUIREMENTS TO MATURITY

CALIFORNIA HOUSING FINANCE AGENCY
CHFA HELP LOAN - RDA AGREEMENT # RA 07-007
Residential Development Loan Program Site Acquisition
($3,000,000 at 3% simple interest)
JUNE 30, 2008

	October 1		
Fiscal Year	Principal	Interest	Total Requirements
2008-09	-	-	-
2009-10	565,064	90,000	655,064
2010-11	582,016	73,048	655,064
2011-12	599,476	55,588	655,064
2012-13	617,461	37,603	655,064
2013-14	635,983	19,080	655,063
	$ 3,000,000	$ 275,319	$ 3,275,319

BAKERSFIELD REDEVELOPMENT AGENCY
OLD TOWN KERN - PIONEER PROJECT AREA
DEBT SERVICE REQUIREMENTS TO MATURITY

CALIFORNIA HOUSING FINANCE AGENCY
CHFA HELP LOAN - THE VILLAGE @ BAKER STREET
RDA AGREEMENT # RA 05-009
June 30, 2008

Fiscal Year	Principal	Interest	Total Requirements
2008-09	-	-	
2009-10	127,283	30,000	157,283
2010-11	131,101	26,182	157,283
2011-12	135,035	22,248	157,283
2012-13	139,086	18,197	157,283
2013-14	143,258	14,025	157,283
2014-15	147,554	9,729	157,283
2015-16	151,981	5,302	157,283
2016-17	24,702	743	25,445
	$ 1,000,000	$ 126,426	$ 1,126,426

BAKERSFIELD REDEVELOPMENT AGENCY
OLD TOWN KERN - PIONEER PROJECT AREA
DEBT SERVICE REQUIREMENTS TO MATURITY

HOUSING COMMUNITY DEVELOPMENT (HCD) SECTION 108 LOAN, 2003
(Baker Street Mixed Use)
JUNE 30, 2008

	Interest			Principal	
Fiscal Year	August 1	February 1	Total	August 1	Total Requirements
2008-09	22,506	21,910	44,416	34,000	78,416
2009-10	21,910	21,222	43,132	36,000	79,132
2010-11	21,222	20,433	41,655	38,000	79,655
2011-12	20,433	19,523	39,956	41,000	80,956
2012-13	19,523	18,521	38,044	43,000	81,044
2013-14	18,521	17,410	35,931	46,000	81,931
2014-15	17,410	16,203	33,613	49,000	82,613
2015-16	16,203	14,884	31,087	52,000	83,087
2016-17	14,884	13,457	28,341	55,000	83,341
2017-18	13,457	11,923	25,380	58,000	83,380
2018-19	11,923	10,255	22,178	62,000	84,178
2019-20	10,255	8,481	18,736	65,000	83,736
2020-21	8,481	6,573	15,054	69,000	84,054
2021-22	6,573	4,533	11,106	73,000	84,106
2022-23	4,533	2,333	6,866	78,000	84,866
2023-24	2,333		2,333	82,000	84,333
	$ 230,167	$ 207,661	$ 437,828	$ 881,000	$ 1,318,828

BAKERSFIELD REDEVELOPMENT AGENCY
OLD TOWN KERN PROJECT AREA
DEBT SERVICE REQUIREMENTS TO MATURITY

I-BANK LOAN MILL CREEK PROJECT RDA AGREEMENT # RA06-017

June 30, 2008

	Interest			Principal	Total
Fiscal Year	February	August	Total	August	Requirements
2008-09		155,500	155,500		155,500
2009-10	155,500	155,500	311,000	217,383	528,383
2010-11	152,120	152,120	304,240	224,144	528,384
2011-12	148,634	148,634	297,268	231,115	528,383
2012-13	145,040	145,040	290,080	238,303	528,383
2013-14	141,335	141,335	282,670	245,714	528,384
2014-15	137,514	137,514	275,028	253,355	528,383
2015-16	133,574	133,574	267,148	261,235	528,383
2016-17	129,512	129,512	259,024	269,359	528,383
2017-18	125,323	125,323	250,646	277,736	528,382
2018-19	121,005	121,005	242,010	286,374	528,384
2019-20	116,552	116,552	233,104	295,280	528,384
2020-21	111,960	111,960	223,920	304,463	528,383
2021-22	107,226	107,226	214,452	313,932	528,384
2022-23	102,344	102,344	204,688	323,696	528,384
2023-24	97,310	97,310	194,620	333,762	528,382
2024-25	92,121	92,121	184,242	344,142	528,384
2025-26	86,769	86,769	173,538	354,845	528,383
2026-27	81,251	81,251	162,502	365,881	528,383
2027-28	75,562	75,562	151,124	377,260	528,384
2028-29	69,695	69,695	139,390	388,993	528,383
2029-30	63,646	63,646	127,292	401,090	528,382
2030-31	57,410	57,410	114,820	413,564	528,384
2031-32	50,979	50,979	101,958	426,426	528,384
2032-33	44,348	44,348	88,696	439,688	528,384
2033-34	37,511	37,511	75,022	453,362	528,384
2034-35	30,461	30,461	60,922	467,462	528,384
2035-36	23,192	23,192	46,384	482,000	528,384
2036-37	15,697	15,697	31,394	496,990	528,384
2037-38	7,968	7,968	15,936	512,446	528,382
	$ 2,661,559	$ 2,817,059	$ 5,478,618	$ 10,000,000	$ 15,478,618

BAKERSFIELD REDEVELOPMENT AGENCY
DOWNTOWN PROJECT AREA
DEBT SERVICE REQUIREMENTS TO MATURITY

PROPERTY TAX REIMBURSEMENTS
OWNER PARTICIPATION AGREEMENT RA 97-1
(Bakersfield Chamber of Commerce - Commercial Building)
June 30, 2008

	Estimated		
Fiscal Year	July 31	January 31	Total
2008-09	2,159	2,158	4,317
	$ 2,159	$ 2,158	$ 4,317

PROPERTY TAX REIMBURSEMENTS
OWNER PARTICIPATION AGREEMENT RA 02-6
(Bentley Partnership)
June 30, 2008

	Estimated	
Fiscal Year	July 31	Total
2008-09	6,500	6,500
2009-10	8,000	8,000
2010-11	8,000	8,000
2011-12	7,436	7,436
	$ 29,936	$ 29,936

BAKERSFIELD REDEVELOPMENT AGENCY
DOWNTOWN PROJECT AREA
DEBT SERVICE REQUIREMENTS TO MATURITY

CALIFORNIA HOUSING FINANCE AGENCY
CHFA HELP LOAN - RDA AGREEMENT # RA 02-9
(Central Park Cottages - 1,200,000 at 3% simple interest)
JUNE 30, 2008

	October		
Fiscal Year	Principal	Interest	Total Requirements
2008-09	178,325	27,168	205,493
2009-10	183,675	21,818	205,493
2010-11	189,185	16,308	205,493
2011-12	194,861	10,632	205,493
2012-13	200,707	4,786	205,493
	$ 946,753	$ 80,712	$ 1,027,465

BAKERSFIELD REDEVELOPMENT AGENCY
DOWNTOWN PROJECT AREA
DEBT SERVICE REQUIREMENTS TO MATURITY

REFUNDING CERTIFICATES OF PARTICIPATION, 2006
SERIES A
June 30, 2008

	Interest			Principal	
Fiscal Year	October 1	April 1	Total	April 1	Total Requirements
2008-09	515,675	515,675	1,031,350	1,240,000	2,271,350
2009-10	490,875	490,875	981,750	1,285,000	2,266,750
2010-11	465,175	465,175	930,350	1,345,000	2,275,350
2011-12	438,275	438,275	876,550	1,395,000	2,271,550
2012-13	410,375	410,375	820,750	1,450,000	2,270,750
2013-14	374,125	374,125	748,250	1,520,000	2,268,250
2014-15	341,825	341,825	683,650	1,585,000	2,268,650
2015-16	302,200	302,200	604,400	1,665,000	2,269,400
2016-17	260,575	260,575	521,150	1,740,000	2,261,150
2017-18	217,075	217,075	434,150	1,830,000	2,264,150
2018-19	171,325	171,325	342,650	1,925,000	2,267,650
2019-20	128,013	128,013	256,026	2,010,000	2,266,026
2020-21	87,812	87,813	175,625	2,085,000	2,260,625
2021-22	46,112	46,112	92,224	2,170,000	2,262,224
	$ 4,249,437	$ 4,249,438	$ 8,498,875	$ 23,245,000	$ 31,743,875

BAKERSFIELD REDEVELOPMENT AGENCY
DOWNTOWN PROJECT AREA
DEBT SERVICE REQUIREMENTS TO MATURITY

REFUNDING CERTIFICATES OF PARTICIPATION, 2006
SERIES B
June 30, 2008

	Interest			Principal	
Fiscal Year	October 1	April 1	Total	April 1	Total Requirements
2008-09	207,300	207,300	414,600	460,000	874,600
2009-10	198,100	198,100	396,200	480,000	876,200
2010-11	188,500	188,500	377,000	500,000	877,000
2011-12	178,500	178,500	357,000	515,000	872,000
2012-13	166,913	166,913	333,826	535,000	868,826
2013-14	154,875	154,875	309,750	565,000	874,750
2014-15	140,750	140,750	281,500	595,000	876,500
2015-16	125,875	125,875	251,750	620,000	871,750
2016-17	110,375	110,375	220,750	650,000	870,750
2017-18	94,125	94,125	188,250	680,000	868,250
2018-19	77,125	77,125	154,250	715,000	869,250
2019-20	59,250	59,250	118,500	750,000	868,500
2020-21	40,500	40,500	81,000	790,000	871,000
2021-22	20,750	20,750	41,500	830,000 *	871,500
	$ 1,762,938	$ 1,762,938	$ 3,525,876	$ 8,685,000	$ 12,210,876

* Term certificates due April 1, 2022 subject to mandatory sinking account payments.

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of the
Bakersfield Redevelopment Agency
Bakersfield, California

We have audited the financial statements of the Redevelopment Agency of the City of Bakersfield (Agency), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, Section 33080.1(a) of the Health and Safety Code of the State of California, and the procedures contained in the Controllers of the State of California "Guidelines for Compliance Audits of California Redevelopment Agencies."

<u>Internal Control Over Financial Reporting</u>
In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *guidelines for compliance audits of California Redevelopment Agencies* issued by the State Controller's Office, Division of Accounting and Reporting. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of members of the Agency, management and officials of the State of California Controller's Office. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION

Bakersfield, California
November 21, 2008

APPENDIX E

FORM OF BOND COUNSEL FINAL OPINION
(SERIES 2009A BONDS)

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FORM OF BOND COUNSEL FINAL OPINION
(SERIES 2009B BONDS)

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APPENDIX F

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

(FORM OF SERIES 2009A BONDS CONTINUING DISCLOSURE CERTIFICATE)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Bakersfield Redevelopment Agency (the "Agency") in connection with the issuance by the Agency of the Bakersfield Redevelopment Agency Tax Allocation Bonds, Series 2009A (Tax-Exempt – Tax Increment Revenue), Old Town Kern-Pioneer Redevelopment Project, in the aggregate principal amount of $2,090,000 (the "Bonds"). The Bonds are being issued pursuant to the provisions of an Indenture, dated as of July 1, 2009 (the "Indenture"), by and between the Agency and U.S. Bank National Association, a national banking association, as trustee (the "Trustee"). The Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized terms used in this Disclosure Certificate, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

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

"Annual Report Date" shall mean the date in each year that is 9 months after the end of the Agency's fiscal year, the end of which, as of the date of this Disclosure Certificate, is June 30.

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

"Dissemination Agent" shall mean the Agency, or any successor Dissemination Agent designated in writing by the Agency and that has filed with the Agency a written acceptance of such designation.

"Fiscal Year" shall mean the 12-month period beginning on July 1 and ending on the next following June 30, unless and until changed by the Agency.

"Holder" shall mean either the registered owner of any Bond or, if the Bonds are registered in the name of DTC or another recognized depository, any Beneficial Owner or applicable participant in its depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The current National Repositories are listed on the Securities and Exchange Commission website at http://www.sec.gov/info/municipal/nrmsir.htm.

"Official Statement" means the Official Statement relating to the Bonds.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Agency's Fiscal Year (i.e., currently not later than April 1 of each year), commencing with the report for the 2008-09 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by such Repository, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 15 Business Days prior to the date required in subsection (a), the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If the Agency is unable to provide to each Repository an Annual Report by the date required in subsection (a), the Agency shall send to each Repository a notice in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the name and address of each Repository, and file the Annual Report with each Repository; and

(ii) if the Dissemination Agent is other than the Agency, file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to each Repository and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Agency for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Notwithstanding the foregoing, each Annual Report or other filing containing the Agency's financial statements may include the following or other similar statement:

THE FOLLOWING FINANCIAL STATEMENTS ARE PROVIDED SOLELY TO COMPLY WITH THE SECURITIES AND EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE AGENCY (OTHER THAN NET TAX INCREMENT REVENUES) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE WITH RESPECT TO THE BONDS, AND THE AGENCY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE AGENCY IN EVALUATING WHETHER TO BUY, HOLD, OR SELL THE BONDS.

(b) The following information with respect to the Agency for the Fiscal Year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the Agency for the prior Fiscal Year described in subsection (a) above:

(i) The principal amount of Bonds outstanding, including principal amounts and years of maturity of Bonds, if any, called for redemption in advance of maturity, and any bonds issued to refund the same.

(ii) The balance in the funds and accounts established under the Indenture.

(iii) If a Reserve Account Credit Instrument is not in effect and the amount on deposit in the Reserve Account is not equal to the Reserve Account Requirement, the amount of the delinquency or surplus, as applicable.

(iv) Information regarding any material changes to the Old Town Kern-Pioneer Project Area, or the development therein, as described in the Official Statement under the following subheadings of the section entitled "THE PROJECT AREAS":

-- The Redevelopment Plans – Old Town Kern-Pioneer Redevelopment Plan
-- Description of Project Areas – Old Town Kern-Pioneer Project Area
-- Land Use in the Project Areas – Land Use in the Old Town Kern-Pioneer Project Area
-- Assessed Values in the Project Areas – Assessed Values in the Old Town Kern-Pioneer Project Area
-- Assessment Appeals in the Project Areas – Assessment Appeals in the Old Town Kern-Pioneer Project Area
-- Major Taxpayers in the Project Areas – Major Taxpayers in the Old Town Kern-Pioneer Project Area
-- Tax Rates in the Project Areas – Tax Rates in the Old Town Kern-Pioneer Project Area
-- Redevelopment Plan Limitations – Redevelopment Plan Limitations for Old Town Kern-Pioneer Project Area

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this section, the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency, the City of Bakersfield, California, or related public entities, which have been submitted to each Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events (each, a "Listed Event") with respect to the Bonds, if material:

(i) Principal and interest payment delinquencies.
(ii) Non-payment related defaults.
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
(v) Substitution of credit or liquidity providers, or their failure to perform.
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security.
(vii) Modifications to rights of security holders.
(viii) Bond calls.
(ix) Defeasances.
(x) Release, substitution, or sale of property securing repayments of the securities.
(xi) Rating changes.

(b) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall as soon as possible determine if such event would be material under applicable federal securities law.

(c) If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the Agency shall promptly file a notice of such occurrence with each Repository, with a copy to the Trustee and the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Certificate.

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

(a) if the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by Holders of the Bonds in the manner provided in the Indenture for amendments to such Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to each Repository in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any losses, expenses, and liabilities that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the

Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notice or communication to or among any of the following parties shall be given to such parties as follows:

If to the Agency:	Bakersfield Redevelopment Agency 1600 Truxtun Avenue Bakersfield, California 93301 Attention: Finance Officer Telephone: (661) 326-3740 Facsimile: (661) 326-3760
If to the Participating Underwriter:	George K. Baum & Company 1400 Wewatta Street, Suite 800 Denver, CO 80202 Attention: Douglas Houston, Executive Vice President Telephone: (303) 391-5493 Facsimile: (303) 298-7853

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriter, and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date]

BAKERSFIELD REDEVELOPMENT AGENCY

By: ____________________________
Authorized Signatory

EXHIBIT A TO TAX INCREMENT CONTINUING DISCLOSURE CERTIFICATE

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Bakersfield Redevelopment Agency
Name of Bond Issue:	Bakersfield Redevelopment Agency Tax Allocation Bonds, Series 2009A (Tax-Exempt – Tax Increment Revenue), Old Town Kern-Pioneer Redevelopment Project

NOTICE IS HEREBY GIVEN that the Bakersfield Redevelopment Agency (the "Agency), has not provided an Annual Report with respect to the above-named Bonds as required Section 4(a) of the Continuing Disclosure Certificate executed by the Agency on [Closing Date]. The Agency anticipates that the Annual Report will be filed by __________.

Dated: __________

BAKERSFIELD REDEVELOPMENT AGENCY

By: ___________________________
Authorized Signatory

(FORM OF SERIES 2009B BONDS CONTINUING DISCLOSURE CERTIFICATE)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Bakersfield Redevelopment Agency (the "Agency") in connection with the issuance by the Agency of the Bakersfield Redevelopment Agency Tax Allocation Bonds, Series 2009B (Tax Exempt – Tax Increment Revenue), Southeast Bakersfield Redevelopment Project, in the aggregate principal amount of $1,240,000 (the "Bonds"). The Bonds are being issued pursuant to the provisions of an Indenture, dated as of July 1, 2009 (the "Indenture"), by and between the Agency and U.S. Bank National Association, a national banking association, as trustee (the "Trustee"). The Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized terms used in this Disclosure Certificate, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

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

"Annual Report Date" shall mean the date in each year that is 9 months after the end of the Agency's fiscal year, the end of which, as of the date of this Disclosure Certificate, is June 30.

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

"Dissemination Agent" shall mean the Agency, or any successor Dissemination Agent designated in writing by the Agency and that has filed with the Agency a written acceptance of such designation.

"Fiscal Year" shall mean the 12-month period beginning on July 1 and ending on the next following June 30, unless and until changed by the Agency.

"Holder" shall mean either the registered owner of any Bond or, if the Bonds are registered in the name of DTC or another recognized depository, any Beneficial Owner or applicable participant in its depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The current National Repositories are listed on the Securities and Exchange Commission website at http://www.sec.gov/info/municipal/nrmsir.htm.

"Official Statement" means the Official Statement relating to the Bonds.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Agency's Fiscal Year (i.e., currently not later than April 1 of each year), commencing with the report for the 2008-09 Fiscal Year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by each Repository, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 15 Business Days prior to the date required in subsection (a), the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If the Agency is unable to provide to each Repository an Annual Report by the date required in subsection (a), the Agency shall send to each Repository a notice in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the name and address of each Repository, and file the Annual Report with each Repository; and

(ii) if the Dissemination Agent is other than the Agency, file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to each Repository and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Agency for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Notwithstanding the foregoing, each Annual Report or other filing containing the Agency's financial statements may include the following or other similar statement:

THE FOLLOWING FINANCIAL STATEMENTS ARE PROVIDED SOLELY TO COMPLY WITH THE SECURITIES AND EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE AGENCY

(OTHER THAN NET TAX INCREMENT REVENUES) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE WITH RESPECT TO THE BONDS, AND THE AGENCY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE AGENCY IN EVALUATING WHETHER TO BUY, HOLD, OR SELL THE BONDS.

(b) The following information with respect to the Agency for the Fiscal Year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the Agency for the prior Fiscal Year described in subsection (a) above:

(i) The principal amount of Bonds outstanding, including principal amounts and years of maturity of Bonds, if any, called for redemption in advance of maturity, and any bonds issued to refund the same.

(ii) The balance in the funds and accounts established under the Indenture.

(iii) If a Reserve Account Credit Instrument is not in effect and the amount on deposit in the Reserve Account is not equal to the Reserve Account Requirement, the amount of the delinquency or surplus, as applicable.

(iv) Information regarding any material changes to the Southeast Project Area, or the development therein, as described in the Official Statement under the following subheadings of the section entitled "THE PROJECT AREAS":

-- The Redevelopment Plans – Southeast Redevelopment Plan
-- Description of Project Areas – Southeast Project Area
-- Land Use in the Project Areas – Land Use in the Southeast Project Area
-- Assessed Values in the Project Areas – Assessed Values in the Southeast Project Area
-- Assessment Appeals in the Project Areas – Assessment Appeals in the Southeast Project Area
-- Major Taxpayers in the Project Areas – Major Taxpayers in the Southeast Project Area
-- Tax Rates in Project Areas – Tax Rates in the Southeast Project Area
-- Redevelopment Plan Limitations – Redevelopment Plan Limitations for Southeast Project Area

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this section, the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency, the City of Bakersfield, California, or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events (each, a "Listed Event") with respect to the Bonds, if material:

(i) Principal and interest payment delinquencies.
(ii) Non-payment related defaults.
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
(v) Substitution of credit or liquidity providers, or their failure to perform.
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security.
(vii) Modifications to rights of security holders.
(viii) Bond calls.
(ix) Defeasances.
(x) Release, substitution, or sale of property securing repayments of the securities.
(xi) Rating changes.

(b) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall as soon as possible determine if such event would be material under applicable federal securities law.

(c) If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the Agency shall promptly file a notice of such occurrence with each Repository, with a copy to the Trustee and the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Certificate.

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

(a) if the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by Holders of the Bonds in the manner provided in the Indenture for amendments to such Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to each Repository in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any losses, expenses, and liabilities that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notice or communication to or among any of the following parties shall be given to such parties as follows:

If to the Agency:	Bakersfield Redevelopment Agency 1600 Truxtun Avenue Bakersfield, California 93301 Attention: Finance Officer Telephone: (661) 326-3740 Facsimile: (661) 326-3760
If to the Participating Underwriter:	George K. Baum & Company 1400 Wewatta Street, Suite 800 Denver, CO 80202 Attention: Douglas Houston, Executive Vice President Telephone: (303) 391-5493 Facsimile: (303) 298-7853

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriter, and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date]

BAKERSFIELD REDEVELOPMENT AGENCY

By: ____________________________
Authorized Signatory

EXHIBIT A TO TAX INCREMENT CONTINUING DISCLOSURE CERTIFICATE

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Bakersfield Redevelopment Agency
Name of Bond Issue:	Bakersfield Redevelopment Agency Tax Allocation Bonds, Series 2009B (Tax-Exempt – Tax Increment Revenue), Southeast Bakersfield Redevelopment Project

NOTICE IS HEREBY GIVEN that the Bakersfield Redevelopment Agency (the "Agency), has not provided an Annual Report with respect to the above-named Bonds as required Section 4(a) of the Continuing Disclosure Certificate executed by the Agency on [Closing Date]. The Agency anticipates that the Annual Report will be filed by __________.

Dated: __________

BAKERSFIELD REDEVELOPMENT AGENCY

By: ___________________________

Authorized Signatory