NEW ISSUE
BOOK-ENTRY ONLY

RATINGS:
Moody's: "Baa3"
(See "RATINGS")

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

$11,500,000
WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION
East Side Redevelopment Project
2003 Tax Allocation Bonds

Dated: Date of Delivery **Due: September 1, as shown below**

Authority for Issuance. The West Hollywood Community Development Commission (the "Commission") is issuing the bonds captioned above (the "Bonds") under an Indenture of Trust, dated as of September 1, 2003 (the "Indenture"), by and between the Commission and BNY Western Trust Company, San Francisco, California, as trustee (the "Trustee"), and a resolution of the Commission adopted on September 2, 2003.

Bond Terms; Book-Entry Only System. The Bonds will be issued and delivered in denominations of $5,000 or integral multiples of $5,000 as fully registered bonds without coupons. Interest on the Bonds is payable semiannually on each March 1 and September 1, commencing March 1, 2004. See "THE BONDS — Description."

When delivered, the Bonds will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Payment of principal of and interest on the Bonds will be paid by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See "THE BONDS — Description" and "APPENDIX G BOOK-ENTRY ONLY SYSTEM."

Use of Proceeds. The Commission will use the proceeds of the Bonds to (i) finance redevelopment activities within the Commission's East Side Project Area (the "East Side Project Area"), including activities that increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area, (ii) fund a reserve fund for the Bonds, and (iii) pay certain costs of issuing the Bonds. See "FINANCING PLAN."

Security for the Bonds. The Bonds are limited obligations of the Commission secured by a first pledge of, security interest in, and lien on all of the "Tax Revenues" and a pledge of and lien upon all of the moneys in certain funds and accounts established under the Indenture. Except for the Tax Revenues and such moneys, no funds or properties of the Commission are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. See "SECURITY FOR THE BONDS" and APPENDIX A — "SUMMARY OF INDENTURE."

Redemption. **The Bonds are subject to optional redemption and mandatory sinking account redemption prior to maturity under certain conditions. See "THE BONDS Redemption."**

NEITHER THE BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) AND NEITHER THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) ARE LIABLE FOR THE BONDS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE CITY NOR THE COMMISSION NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

MATURITY SCHEDULE
(see inside cover)

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, Bond Counsel, and subject to certain other conditions. Certain matters will be passed upon for the Commission by Jones Hall, A Professional Law Corporation, San Francisco, California, as disclosure counsel, and for the Commission by the City Attorney. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about September 30, 2003.

Stone & Youngberg LLC

The date of this Official Statement is September 17, 2003

MATURITY SCHEDULE
$5,650,000 Serial Bonds
(Base CUSIP:† 953322)

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	CUSIP†	Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2004	$235,000	3.00%	1.70%	AA2	2014	$270,000	4.75%	4.80%	AL8
2005	195,000	3.00	2.00	AB0	2015	285,000	4.90	4.95	AM6
2006	200,000	3.00	2.40	AC8	2016	295,000	5.10	5.10	AN4
2007	205,000	3.50	2.80	AD6	2017	310,000	5.20	5.20	AP9
2008	215,000	3.00	3.10	AE4	2018	330,000	5.25	5.30	AQ7
2009	220,000	3.50	3.50	AF1	2019	345,000	5.30	5.40	AR5
2010	225,000	4.00	4.00	AG9	2020	365,000	5.50	5.50	AS3
2011	235,000	4.50	4.30	AH7	2021	385,000	5.50	5.60	AT1
2012	245,000	4.50	4.50	AJ3	2022	405,000	5.60	5.70	AU8
2013	260,000	4.75	4.65	AK0	2023	425,000	5.70	5.75	AV6

$2,520,000 5.625% Term Bond due September 1, 2028, Priced to yield 5.80% CUSIP:† 953322 AW4
$3,330,333 5.750% Term Bond due September 1, 2033, Priced to yield 5.85% CUSIP:† 953322 AX2

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† Copyright 2003, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

CITY OF WEST HOLLYWOOD
WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION

CITY COUNCIL AND COMMISSION MEMBERS

Jeffrey Prang,
Mayor and Commission Chair

John J. Duran,
Mayor Pro Tempore and Commission Vice Chair

Abbe Land,
City Council and Commission Member

Sal Guarriello,
City Council and Commission Member

John Heilman,
City Council and Commission Member

CITY AND COMMISSION STAFF

Paul Arevalo
City Manager and Executive Director of the Commission

Anil H. Gandhy
City Finance Director and Treasurer of the Commission

Michael Jenkins
City Attorney and Counsel to the Commission

Thomas R. West
City Clerk and Secretary of the Commission

Allyne Winderman,
Deputy Executive Director of the Commission

SPECIAL SERVICES

BOND AND DISCLOSURE COUNSEL
Jones Hall, A Professional Law Corporation
San Francisco, California

FINANCIAL ADVISOR

RR Brown & Co. LLP
Denver, Colorado

TRUSTEE

BNY Western Trust Company
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

No Offering May Be Made Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Commission to give any information or to make any representations other than those contained in this Official Statement. If any other information or representations are given or made, such other information or representations must not be relied upon as having been authorized by the Commission.

No Unlawful Offers to Sell or Solicitations of Offers to Buy. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such an offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or an offer or solicitation to any person to whom it is unlawful to make such an offer or solicitation.

Not a Contract. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described, are intended solely as such and are not to be construed as representations of facts.

Internet Addresses. Any Internet addresses included in the Official Statement are included for reference only, and the information on any such Internet sites is not a part of this Official Statement or incorporated by reference into this Official Statement.

Preparation of this Document. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

No Updates Will Be Provided. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Commission or any other parties described in this Official Statement since the date of this Official Statement.

Document Summaries. All summaries of the Indenture, other documents and certain California statutes are made subject to the provisions of those documents and statutes, respectively, and do not purport to be complete statements of those documents and statutes. Copies of the documents summarized in this Official Statement are on file with the Commission.

No Registration with the SEC. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Stabilization of Bond Market Prices. The Underwriters may overallot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriters may discontinue market stabilization at any time. The Underwriters may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriters.

Estimates and Projections. 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," "expect," "estimate," "project," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause 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. The Commission does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

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APPENDIX E - Form of Continuing Disclosure Certificate
APPENDIX F - Book-Entry Only System

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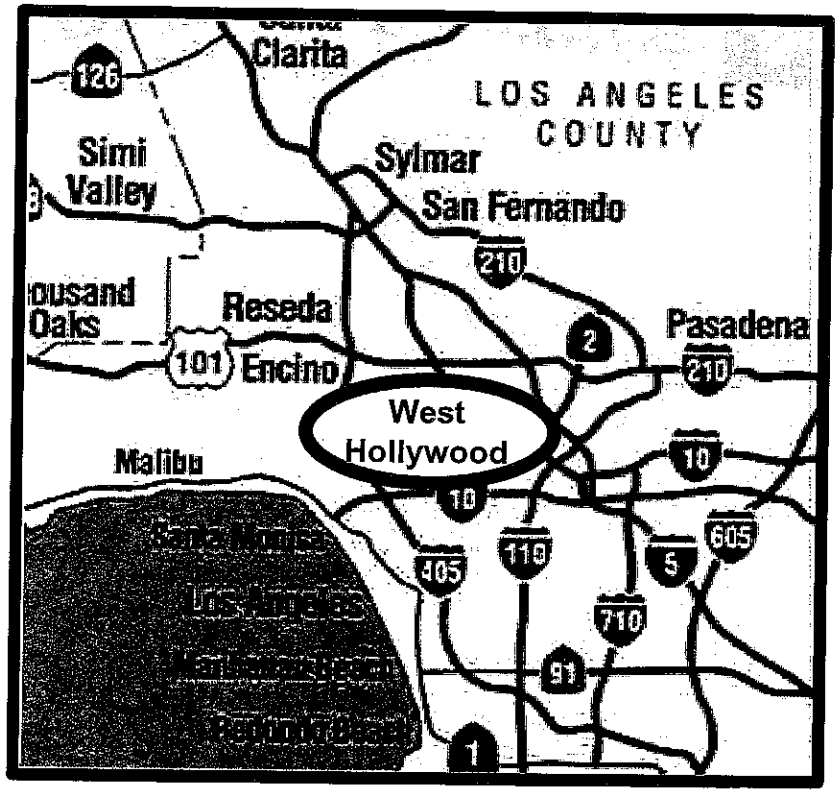
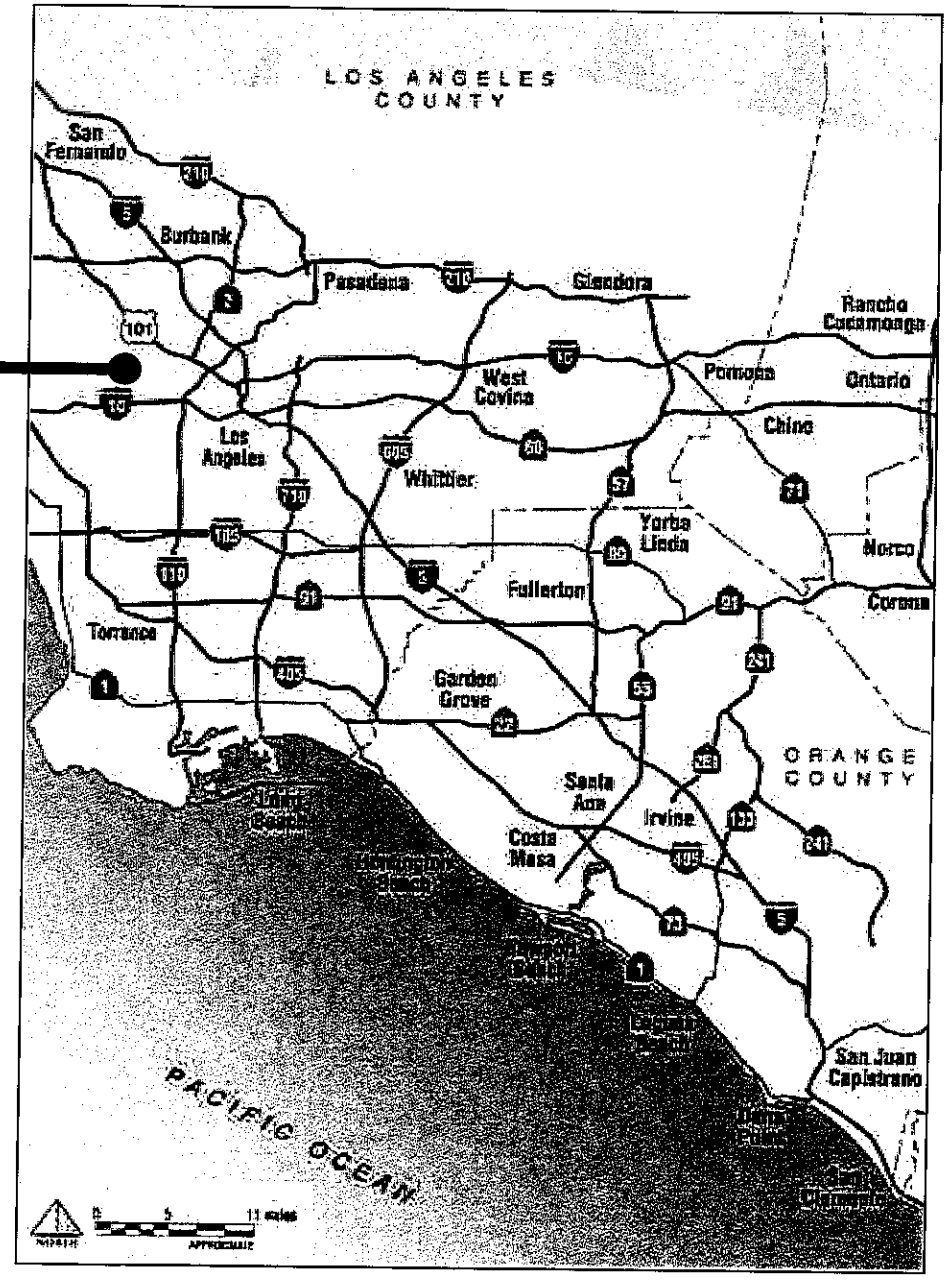
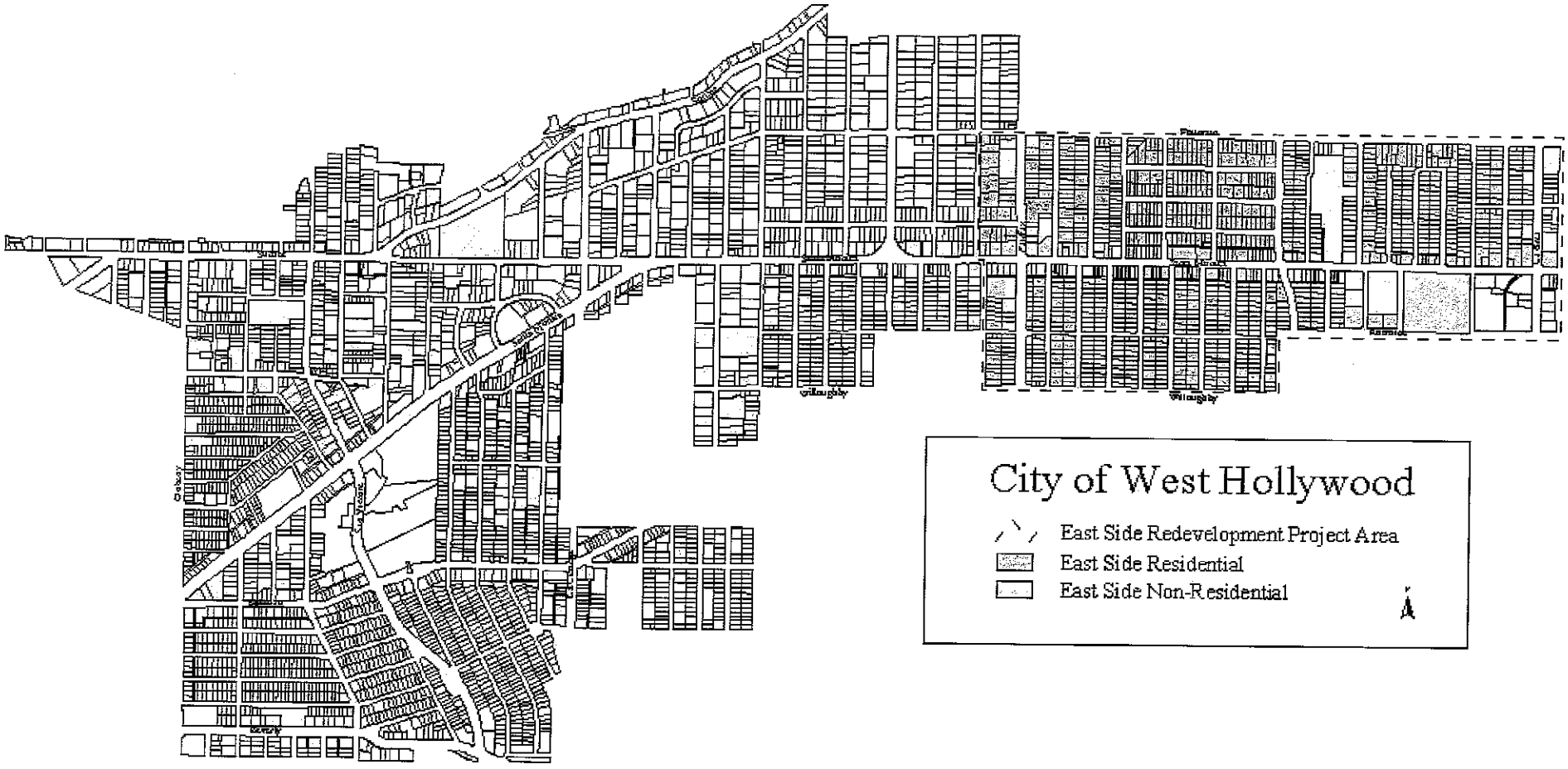
City of West Hollywood
Regional Location Map






City of West Hollywood
East Side Redevelopment Project Area
East Side Residential
East Side Non-Residential

OFFICIAL STATEMENT

$11,500,000
WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION
East Side Redevelopment Project
2003 Tax Allocation Bonds

INTRODUCTION

This Official Statement, including the cover page and the attached appendices, provides information regarding the issuance by the West Hollywood Community Development Commission (the "Commission") of the bonds captioned above (the "Bonds").

Authority for Issuance

The Bonds are being issued under the Constitution and the laws of the State of California (the "State"), including the California Community Redevelopment Law, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Bond Law"), a resolution of the Commission adopted on September 2, 2003, and an Indenture of Trust (the "Indenture"), dated as of September 1, 2003, by and between the Commission and BNY Western Trust Company, as trustee (the "Trustee").

Use of Proceeds

The Commission will use the proceeds of the Bonds to finance redevelopment activities within the Commission's East Side Project Area (the "East Side Project Area"), including activities that increase, improve or preserve the supply of low and moderate income housing within or of benefit to the East Side Project Area. Proceeds of the Bonds will also be used to fund a reserve fund for the Bonds and to pay certain costs of issuing the Bonds. See "FINANCING PLAN."

Security for the Bonds

The Bonds are limited obligations of the Commission secured by a first pledge of, security interest in, and lien on all of the "Tax Revenues" and a pledge of and lien upon all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account established under the Indenture.

"Tax Revenues" are defined in the Indenture as moneys allocated within the Plan Limitations and paid to the Commission derived from:

(a) that portion of taxes levied upon assessable property within the East Side Project Area allocated to the Commission pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, and

(b) reimbursements, subventions (but excluding payments to the Commission with respect to personal property within the East Side Project Area pursuant to Sections 16110, et seq., of the California Government Code) or other payments made by the State

with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and

(c) that portion of such taxes otherwise required by Section 33334.3 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds and any Parity Debt (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the East Side Project Area.

However, "Tax Revenues" exclude (i) all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Commission pursuant to Section 33334.3 of the Law, (ii) amounts payable by the Commission pursuant to an Owner Participation Agreement by and between the Commission and BA Studios LLC ("BA Studios") providing for the payment of certain tax increment revenues (allocated and paid to the Commission pursuant to Section 33670 of the Law) to BA Studios (the "Tax Sharing Agreement"), and (iii) amounts payable by the Commission pursuant to Section 33607.5 of the Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds and any Parity Debt, as applicable.

Except for the Tax Revenues and such moneys, no funds or properties of the Commission are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

See "SECURITY FOR THE BONDS" and "LIMITATIONS ON TAX REVENUES – Tax Sharing Arrangements."

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a designated redevelopment project area. A redevelopment agency establishes the taxable valuation of a project area as last equalized before the adoption of the redevelopment plan, or base roll (the "Base Year Valuation"). Subsequently, the taxing agencies receive the taxes produced by the levy of the then-current tax rate upon the Base Year Valuation (except for any period during which the taxable valuation drops below the Base Year Valuation).

Taxes collected upon any increase in taxable valuation over the Base Year are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Twenty percent of taxes allocated to a redevelopment agency are set aside in a separate fund to develop and maintain low- and moderate-income housing in the City. Redevelopment agencies themselves have no taxing power.

The City and the Commission

The City. The City of West Hollywood (the "City") is located in the County of Los Angeles (the "County"). The City was incorporated in 1984 and operates as a general law city. The City has a Council-Manager form of government. Five council members, including a mayor, are elected at large. For certain information with respect to the City, see APPENDIX B - "CITY OF WEST HOLLYWOOD AND COUNTY OF LOS ANGELES DEMOGRAPHIC INFORMATION."

The Commission. The City activated the Commission in 1997 under the Redevelopment Law. The five members of the City Council also serve as members of the Commission and exercise all rights, powers, duties and privileges of the Commission. See "THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION."

The Commission adopted a redevelopment plan (the "East Side Redevelopment Plan") for the East Side Project Area in 1997. The East Side Project Area consists of approximately 338 acres or approximately 28% of the area of the City. The total assessed valuation of taxable property in the East Side Project Area as reported by the County for fiscal year 2003-04 is estimated to be approximately $207.9 million greater than the adjusted assessed valuation in the Base Year. See "THE EAST SIDE PROJECT AREA" and "HISTORICAL AND ESTIMATED TAX REVENUES."

No Outstanding Parity Debt

The Commission has not previously issued any bond or other indebtedness secured by Tax Revenues. See "SECURITY FOR THE BONDS – No Existing Parity Debt."

Definitions and Summaries

Definitions of certain terms used in this Official Statement are set forth in "APPENDIX A - SUMMARY OF INDENTURE - Definitions." This Official Statement contains brief descriptions of, among other things, the Bonds, the Indenture, the Commission and the East Side Project Area. These descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by reference to those documents, and references to the Bonds are qualified in their entirety by reference to the form of Bond included in the Indenture. Copies of the Indenture and other documents described in this Official Statement may be obtained from the Trustee.

FINANCING PLAN

The Project

The Commission will use the proceeds of the Bonds to finance redevelopment activities within the East Side Project Area, including activities that increase, improve or preserve the supply of low and moderate income housing within or of benefit to the East Side Project Area. Proceeds of the Bonds will also be used to fund a reserve fund for the Bonds and to pay certain costs of issuing the Bonds.

Estimated Sources and Uses of Funds

The following is a table of estimated sources and uses of funds with respect to the Bonds.

Sources	
Bond Proceeds	$11,500,000.00
Less: Net Original Issue Discount	(104,971.80)
Less: Underwriters' Discount	(119,616.00)
Total Sources	$11,275,412.20
Uses	
Deposit to Redevelopment Fund [1]	$7,192,267.27
Deposit to Housing Bond Proceeds Account [2]	3,146,616.93
Costs of Issuance [3]	149,233.00
Reserve Fund [4]	787,295.00
Total Uses	$11,275,412.20

[1] To be used to finance redevelopment activities within the East Side Project Area.

[2] To be used to finance the construction and rehabilitation of low and moderate income housing within or of benefit to the East Side Project Area.

[3] Includes, among other things, operating expenses, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants, and other professional fees and charges for preparation, execution and safekeeping of the Bonds .

[4] Equal to the Reserve Requirement for the Bonds as of the Closing Date.

THE BONDS

Authority for Issuance

The Bonds are being issued under the Bond Law, a resolution of the Commission adopted on September 2, 2003, and the Indenture.

Description

Bond Terms. The Bonds will be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple of $5,000. Each Bond will be dated as of its date of delivery and will bear interest from its date of delivery. The Bonds will mature on the dates and in the amounts, and will bear interest (calculated on the basis of a 360 day year comprised of twelve 30-day months) at the rates, set forth on the inside front cover of this Official Statement.

Interest Payments. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2004 (each an "Interest Payment Date").

Interest will be paid to the person whose name appears on the Registration Books as of the Record Date immediately preceding each Interest Payment Date, by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owner his or her address as it appears on the Registration Books as of the preceding Record Date. Payment of interest may be by wire transfer to an account in the United States of America to any Owner of Bonds in the aggregate amount of $1,000,000 or more who has furnished written instructions to the Trustee before the applicable Record Date.

Fully Registered Form; Book-Entry System. The Bonds will be issued only as one fully registered Bond for each maturity, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of all of the Bonds. See "APPENDIX G - BOOK-ENTRY ONLY SYSTEM." Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Indenture.

Redemption

Optional Redemption. The Bonds maturing on or after September 1, 2014, are subject to redemption at the option of the Commission from any available source of funds by such maturity or maturities as determined by the Commission and by lot within a maturity, as a whole on any date or in part on any date, on or after September 1, 2013, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Account Redemption. The Term Bonds maturing September 1, 2028 and September 1, 2033, are also subject to mandatory redemption in part by lot on September 1, 2024, and September 1, 2029, respectively, as set forth in the following tables, from Sinking Account payments made by the Commission under the Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium (or in lieu thereof may be purchased in whole or in part, as described below) in the aggregate respective principal amounts and on the respective dates as set forth in the following tables:

Term Bond Maturing September 1, 2028

Sinking Account Redemption Date (September 1)	Principal Amount To Be Redeemed or Purchased
2024	$450,000
2025	475,000
2026	505,000
2027	530,000
2028 (maturity)	560,000

Term Bond Maturing September 1, 2033

Sinking Account Redemption Date (September 1)	Principal Amount To Be Redeemed or Purchased
2029	$595,000
2030	630,000
2031	665,000
2032	700,000
2033 (maturity)	740,000

However, if some but not all of the Term Bonds of a maturity have been redeemed pursuant to optional redemption as described above, the total amount of all applicable future Sinking Account payments will be reduced by the aggregate principal amount of Term Bonds so redeemed, to be allocated among such Sinking Account payment in integral multiples of $5,000 as determined by the Commission.

Purchase of Term Bonds In Lieu of Redemption. In lieu of redemption of Term Bonds, amounts on deposit in the Special Fund as Sinking Account payments may also be used and withdrawn by the Commission for the purchase of the Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Commission may in its discretion determine. The par amount of any of the Term Bonds so purchased by the Commission and surrendered to the Trustee for cancellation in any twelve-month period ending on July 1 in any year will be credited towards and reduce the par amount of the Bonds otherwise required to be redeemed on the following September 1 of such year pursuant to mandatory sinking account redemption.

Notice of Redemption. The Trustee on behalf and at the expense of the Commission will mail (by first class mail, postage prepaid) notice of any redemption at least 30 but not more than 60 days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Written Request of the Commission filed with the Trustee; but such mailing is not a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

Rescission of Optional Redemption Notice. The Commission will have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The Commission and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee

will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

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

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

Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee will make such selection, in such manner as the Trustee deems appropriate. In the event of redemption by lot of Bonds, the Trustee will assign to each Bond then Outstanding a distinctive number for each $5,000 of the principal amount of each such Bond. The Bonds to be redeemed will be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than $5,000 will be redeemed as equals $5,000 for each number assigned to it and so selected.

Debt Service Schedule

The following table sets forth annual debt service on the Bonds.

Bond Year Ending September 1	Principal	Interest	Total
2004	$235,000	$549,938.11	$784,938.11
2005	195,000	591,070.00	786,070.00
2006	200,000	585,220.00	785,220.00
2007	205,000	579,220.00	784,220.00
2008	215,000	572,045.00	787,045.00
2009	220,000	565,595.00	785,595.00
2010	225,000	557,895.00	782,895.00
2011	235,000	548,895.00	783,895.00
2012	245,000	538,320.00	783,320.00
2013	260,000	527,295.00	787,295.00
2014	270,000	514,945.00	784,945.00
2015	285,000	502,120.00	787,120.00
2016	295,000	488,155.00	783,155.00
2017	310,000	473,110.00	783,110.00
2018	330,000	456,990.00	786,990.00
2019	345,000	439,665.00	784,665.00
2020	365,000	421,380.00	786,380.00
2021	385,000	401,305.00	786,305.00
2022	405,000	380,130.00	785,130.00
2023	425,000	357,450.00	782,450.00
2024	450,000	333,225.00	783,225.00
2025	475,000	307,912.50	782,912.50
2026	505,000	281,193.76	786,193.76
2027	530,000	252,787.50	782,787.50
2028	560,000	222,975.00	782,975.00
2029	595,000	191,475.00	786,475.00
2030	630,000	157,262.50	787,262.50
2031	665,000	121,037.50	786,037.50
2032	700,000	82,800.00	782,800.00
2033	740,000	42,550.00	782,550.00
TOTALS	$11,500,000	$12,043,961.87	$23,543,961.87

SECURITY FOR THE BONDS

This section summarizes certain terms of the Indenture and the security for the Bonds. All capitalized terms used below but not defined elsewhere in this Official Statement have the meanings set forth in the Indenture. See "APPENDIX A - SUMMARY OF INDENTURE."

Security for the Bonds

Pledge of Tax Revenues and Amounts Held Under Indenture. The Bonds are limited obligations of the Commission secured by a first pledge of, security interest in, and lien on all of the "Tax Revenues" and a pledge of and lien upon all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account established under the Indenture.

Tax Revenues. "Tax Revenues" are defined in the Indenture as moneys allocated within the Plan Limitations and paid to the Commission derived from:

(a) that portion of taxes levied upon assessable property within the East Side Project Area allocated to the Commission pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, and

(b) reimbursements, subventions (but excluding payments to the Commission with respect to personal property within the East Side Project Area pursuant to Sections 16110, et seq., of the California Government Code) or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and

(c) that portion of such taxes otherwise required by Section 33334.3 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds and any Parity Debt (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the East Side Project Area.

However, "Tax Revenues" exclude (i) all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Commission pursuant to Section 33334.3 of the Law, (ii) amounts payable by the Commission pursuant to the Tax Sharing Agreement (see "LIMITATIONS ON TAX REVENUES – Tax Sharing Arrangements") and (iii) amounts payable by the Commission pursuant to Section 33607.5 of the Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds and any Parity Debt, as applicable.

Limited Obligation of the Commission. Except for the Tax Revenues and such moneys, no funds or properties of the Commission are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

NEITHER THE BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) AND NEITHER THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) IS LIABLE THEREFOR. THE BONDS DO NOT CONSTITUTE AN

INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE CITY COUNCIL, THE COMMISSION NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

Allocation of Tax Increment Revenues

Allocation of Taxes Under the Redevelopment Law. As provided in the East Side Redevelopment Plan, and under Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the East Side Project Area each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies"), for fiscal years beginning after the effective date of the East Side Redevelopment Plan, will be divided as follows:

1. To Taxing Agencies: The 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 Taxing Agencies upon the total sum of the assessed value of the taxable property in the East Side Project Area as shown upon the assessment roll used in connection with the taxation of such property by such Taxing Agency last equalized before the establishment of the East Side Project Area will be allocated to, and when collected will be paid into the funds of, the respective Taxing Agencies as taxes by or for those Taxing Agencies.

2. To the Commission: The portion of such levied taxes each year in excess of such amount will be allocated to, and when collected will be paid into a special fund of, the Commission to the extent necessary to pay indebtedness of the Commission, including but not limited to its obligation to pay the principal of, prepayment premium (if any) and interest on the Bonds and to replenish the Reserve Fund established for the Bonds.

Possible Limitations on Tax Revenues. The Commission has no power to levy and collect property taxes. The amount of Tax Revenues that would otherwise be available to pay the Commission's obligations, and thus the amount of Revenues available to pay the principal of, premium (if any) and interest on the Bonds, could be reduced by (a) any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to Taxing Agencies that have the effect of reducing the property tax rate, (b) broadened property tax exemptions, and (c) amounts payable under the Tax Sharing Agreement or any further tax sharing agreements or arrangements entered into by the Commission. See "BOND OWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES."

Deposit and Allocation of Tax Revenues Under the Indenture

The Commission is required to deposit all of the Tax Revenues received in any Bond Year in the Special Fund (which is established under the Indenture and held by the Commission) promptly upon receipt thereof by the Commission, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account in such Bond Year, as set forth in the Indenture. See "APPENDIX A - SUMMARY OF INDENTURE."

Reserve Account

Reserve Requirement. The Indenture establishes a Reserve Account (the "Reserve Account ") to be held by the Trustee for the benefit of the Commission and the Owners of the

Bonds, which must be maintained at the "Reserve Requirement," which is defined in the Indenture as the least of the following (as calculated by the Commission):

(i) 125% of average Annual Debt Service on the Bonds,

(ii) 10% of the original principal amount of the Bonds and any Parity Debt, or

(iii) Maximum Annual Debt Service.

If at the time of calculation of the Reserve Requirement there are two or more reserve accounts established with respect to the Bonds and any Parity Debt, then the amounts on deposit in such reserve accounts will be aggregated for purposes of calculating compliance with the Reserve Requirement.

Use of Funds in the Reserve Account. All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding. See "APPENDIX A - SUMMARY OF INDENTURE."

Substitution of Credit Facility. The Commission may at any time direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee a "Qualified Reserve Account Credit Instrument" and meeting the other requirements set forth in the Indenture. See "APPENDIX A - SUMMARY OF INDENTURE."

No Existing Parity Debt

The Commission has not previously issued bonds or other indebtedness secured by Tax Revenues.

Issuance of Parity Debt

In addition to the Bonds, the Commission may, by Supplemental Indenture, issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds to finance the Project in such principal amount as may be determined by the Commission. The Commission may issue or incur any such other Parity Debt subject to the specific conditions set forth in the Indenture, including the following (among others):

(a) The Commission must be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures.

(b) The Supplemental Indenture providing for the issuance of such Parity Debt must provide that interest thereon will be payable on March 1 and September 1, and principal thereof will be payable on September 1 in any year in which principal is payable.

(c) Money must be deposited in the Reserve Account from the proceeds of the sale of the Parity Debt (or from other available funds of the Commission) in an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement for the Bonds, taking into account the issuance of the Parity Debt.

(d) The aggregate amount of the principal of and interest on all Outstanding Bonds and Subordinate Debt coming due and payable following the issuance of such Parity Debt may not exceed the maximum amount of Tax Revenues permitted under the

Plan Limitations to be allocated and paid to the Commission following the issuance of such Parity Debt.

(e) The Tax Revenues estimated in the Report of an Independent Redevelopment Consultant to be received for the then current Fiscal Year must be at least equal to 150% of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt; provided, however, that if the total of the assessed valuation of the property of the largest assessed owner in the Redevelopment Project, based upon such valuations on the tax roll for the most recent Fiscal Year for which such information is available, represent not more than 20% of the incremental assessed value of the Redevelopment Project for the corresponding Fiscal Year, then the Tax Revenues estimated in the Report of an Independent Redevelopment Consultant to be received for the then current Fiscal Year must be at least equal to 125% of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt.

Issuance of Subordinate Debt

In addition to the Bonds, the Commission may incur Subordinate Debt in such principal amount as may be determined by the Commission, upon the satisfaction of the conditions contained in the Indenture. See "APPENDIX A – SUMMARY OF THE INDENTURE."

THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION

Authority and Management

The Commission was activated on June 2, 1997, by adoption of Ordinance No. 97494 by the City Council pursuant to the Redevelopment Law. The City Council members also sit as Commission members.

The officers of the Commission are as follows:

Paul Arevalo, Executive Director of the Commission. Paul Arevalo is the City Manager for the City and Executive Director of the Commission. He has worked for the City since 1990, and served as the Director of Finance and Technology Services prior to becoming City Manager in 2000. Prior to his work with the City, Mr. Arevalo spent three years working for other State and local agencies, including the California Franchise Tax Board. Mr. Arevalo is a graduate of California State Polytechnic University, Pomona, and has completed various graduate-level courses in the School of Public Administration at California State University, Los Angeles.

Anil H. Gandhy, Treasurer of the Commission. Anil Gandhy is the Director of Finance and Information Technology for the City and the Treasurer of the Commission. He has worked for the City since 2001. Prior to his work with the City, Mr. Gandhy spent nine years serving as Director of Finance and Administrative Services for the City of Bell Gardens. He also spent a decade working for Certified Public Accounting firms, including six years at Moreland & Associates in Newport Beach. Mr. Gandhy has a Bachelor of Commerce degree from Saurashtra University India and a Master of Business Administration from the Keller Graduate School of Management. He is also licensed as a Certified Public Accountant in the State of California.

Allyne Winderman, Deputy Executive Director. Allyne Winderman is the Director of Rent Stabilization and Housing for the City and Deputy Executive Director of the Commission. She has worked for the City since 1994, and served as the Economic Development and Housing Manager prior to becoming Director of Rent Stabilization and Housing in 2000. Prior to joining the City, she served as senior planner for the Los Angeles Community Redevelopment Agency. Ms. Winderman received a Master of Architecture from Columbia University after graduating from the University of Hawaii with a degree in fine arts. She studied in Japan under a post-graduate fellowship and worked for Arata Isozaki in Los Angeles and Tokyo.

Michael Jenkins, Counsel to the Commission. Michael Jenkins currently serves as City Attorney and Counsel to the Commission. Mr. Jenkins is city attorney for the Cities of Diamond Bar, Hermosa Beach, Rolling Hills and West Hollywood, and is also general counsel to the Antelope Valley Mosquito & Vector Control District, the Los Angeles County West Vector Control District, the San Gabriel Valley Mosquito and Vector Control District and the West Valley Mosquito & Vector Control District. Concurrently, he works as general counsel to the South Bay Cities Council of Governments and the Westside Cities Council of Governments, and as special counsel for numerous municipalities around the State. Mr. Jenkins is an honors graduate of Haverford College and Duke University School of Law.

Commission Powers and Duties

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

Commission Financial Statements

The Commission presently accounts for its financial transactions through separately constituted funds. The Commission's audited annual financial statements for the Fiscal Year ended June 30, 2002 and unaudited financial statements for the Fiscal Year Ended June 30, 2003, are included as APPENDIX C to this Official Statement.

THE EAST SIDE PROJECT AREA

Background

The East Side Project Area encompasses approximately 338 acres and is bounded by Fountain Avenue on the north, Hayworth Avenue on the west, La Brea Avenue on the east, and Romaine Street and Willoughby Avenue on the south. Santa Monica Boulevard, the City's easterly gateway, bisects the project area and is the focus of redevelopment activity. (See "– New Construction Activity" below.)

The table below summarizes the property in the East Side Project Area by land use category and net taxable value for the current Fiscal Year. As shown below, the properties within the East Side Project Area are primarily residential.

TABLE 1
East Side Project Area
Property Summary
Fiscal Year 2003-04

Category	Net Taxable Value	Percent of Total
Residential	$412,503,162	66.5%
Commercial	109,149,205	17.6%
Industrial	56,302,204	9.1%
Recreational	948,600	0.2%
Institutional	6,688,204	1.1%
Vacant land	7,857,848	1.3%
Possessory Interest	163,060	0.0%
Unsecured	25,344,256	4.1%
Unknown	952,434	0.2%
Taxable Value [1]	$ 619,908,973	100.00%

[1] Includes base year assessed value.
Source: Los Angeles County Assessor 2003-04 Combined Tax Rolls.

New Construction Activity

The Commission has developed a plan entitled "East Side Redevelopment Project Area Five Year Implementation Plan," which projects activity in the East Side Project Area from 2002 through 2007. Major current and proposed projects include the following.

West Hollywood Gateway Project. The West Hollywood Gateway Project is the largest redevelopment project in the East Side Project Area, totaling approximately 252,000 square feet. It is located on a 7-3/4 acre site at the southwest corner of Santa Monica Boulevard and La Brea Avenue. The development will feature a large outdoor plaza that will function as a civic square, inviting pedestrian activity through the use of outdoor eating areas, fountains, public art, retail kiosks and landscaping. The mixed-use project will be anchored by the retailers Target and Best Buy, who have already signed leases. Development of the project is currently underway, and it is scheduled to open in March 2004. The Gateway Project is estimated at a total development cost of $80 million, which is estimated to add approximately $74 million of assessed value to the Project Area.

BA Studios Parking Structure. The City and BA Studios have entered into an agreement for the construction of a parking structure on The Lot, a motion picture and television studio owned by BA Studios LLC. The parking structure is planned for the corner of Romaine and Poinsettia Avenues, and is estimated to cost approximately $7.5 million and to add approximately $7.5 million of assessed value to the Project Area. Plans have been approved for 750 parking spaces. Construction is anticipated to begin by May 2004. However, no assurance can be given that the proposed parking structure will be built as currently planned.

See "LIMITATIONS ON TAX REVENUES – Tax Sharing Arrangements" for additional information regarding the contractual arrangements regarding the development of The Lot.

Largest Ten Taxpayers

Top Ten Taxpayers. The largest ten tax payers in the East Side Project Area according to the 2003-04 assessed valuations (which represent approximately 17% of adjusted assessed value) are shown below.

TABLE 2
East Side Project Area
Top Ten Property Taxpayers
Fiscal Year 2003-04

Taxpayer	No. of Properties	Assessed Valuation[1]	Percent of Total Assessed Value	Percent of Incremental Value
BA Studios	1	$42,700,939	6.89%	20.54%
La Brea Ownership Corporation	1	14,796,684	2.39	7.12
SL West Hollywood LLC	4	7,500,044	1.21	3.61
Donald T Sterling	3	6,974,561	1.13	3.35
Eric Deutsch and Jerald Ptashkin	7	5,566,744	0.90	2.68
Brian & Linda Scan Family Trust	5	5,434,509	0.88	2.61
1234 NM LLC	1	5,408,340	0.87	2.60
Santa Monica Connection LLC	1	4,971,000	0.80	2.39
Fred and Jan Young, Et Al	6	4,808,791	0.78	2.31
Efrim Sobol Trust	3	4,235,998	0.68	2.04
Total for Top Ten		$102,397,610	16.52%	49.26%
Total Taxable Assessed Value		$619,908,973	100.00%	
Base Year Value		412,020,410		
Total Incremental Value		$207,888,563		

[1] Includes both secured and unsecured values.
Source: Los Angeles County Assessor 2003-04 Secured and Unsecured Tax Rolls.

Description Major Owners. A description of the two largest property owners in the East Side Project Area is set forth below.

BA Studios. BA Studios LLC, d/b/a The Lot, is a motion picture and television studio located at 7200 Santa Monica Boulevard. The Lot is located on the south side of Santa Monica Boulevard, just west of La Brea Avenue, and is bounded by Formosa Avenue on the east and Poinsettia Place on the west. The Lot encompasses 11.20 acres and has production and post-production offices, sound stages and various support amenities totaling in excess of 300,000 square feet.

This studio was formerly known as the Warner Hollywood Studios, United Artists Studios, and The Samuel Goldwyn Studios. In 1999 the facility was sold to BA Studios, who bought it from Warner Brothers. BA Studios leases office and soundstage space to production companies. Current activities include feature film production by Warner Bros., DreamWorks and New Regency Films.

See "LIMITATIONS ON TAX REVENUES – Property Assessment Appeals" for a description of the recent successful assessment appeal by BA Studios.

La Brea Ownership Corporation. This is a single parcel of 2.25 acres located at the corner of Fountain and La Brea. The neighborhood commercial use is a Ralph's Supermarket containing approximately 46,000 square feet. According to Los Angeles County Assessor's records, the property was built in 1995 and last sold in February 1996.

HISTORICAL AND ESTIMATED TAX REVENUES

Property Tax Ratio, Historical Property Values and Tax Increment Revenues

Property Tax Ratios. The total property tax ratio for the property on the secured roll in the East Side Project Area for Fiscal Year 2002-03 is 0.4539%, which is greater than the tax ratio of 0.4182% for Fiscal Year 2001-02. In addition to the one percent general tax levy set by State law, the other taxing entities include Los Angeles County, Los Angeles County Flood Control, Metropolitan Water District, Los Angeles Unified School District, and Los Angeles Community College District.

Although the Commission has not entered into any pass-through agreements with respect to the East Side Project Area, the Commission has entered into on tax sharing arrangement with BA Studios, and the Commission is subject to certain statutory pass-throughs with respect to the East Side Project Area. See "LIMITATIONS ON TAX REVENUES."

Historical Taxable Values and Tax Increment Revenues. The following table sets forth historical taxable property values and tax increment revenues for the East Side Project Area for fiscal years 1998-99 through 2001-02 and budgeted amounts for fiscal year 2002-03. For additional information regarding the East Side Project Area, see "THE EAST SIDE REDEVELOPMENT PROJECT AREA." For additional information regarding projected tax increment revenues, see "HISTORICAL AND ESTIMATED TAX REVENUES – Debt Service and Estimated Coverage."

TABLE 3
Historical Taxable Values and Tax Increment Revenues
Fiscal Years 1998-99 - 2001-02 (actual) and 2002-03 (budgeted)

	1998-99 Actual	1999-00 Actual	% Chng	2000-01 Actual	% Chng	2001-02 Actual	% Chng	2002-03 Budgeted	% Chng
Secured Value	$419,297,828	$455,028,507		$472,789,212		$556,504,620		$576,437,011	
Less Appeal [3]	-0-	-0-		-0-		(25,543,860)		(26,054,737)	
Unsecured Value	-0-	17,308,537		15,728,258		30,375,881		17,436,000	
Less Appeal [3]	-0-	-0-		-0-		(1,130,160)		(1,152,763)	
Total	419,297,828	472,337,044		488,517,470		560,206,481		566,665,511	
Less Base Year Value [1]	(412,020,410)	(412,020,410)		(412,020,410)		(412,020,410)		(412,020,410)	
Incremental Increase	7,277,418	60,316,634		76,497,060		148,186,071		154,645,101	
Gross Tax Increment Revenues[4]	152,380	618,485	305.88%	1,066,027	72.36%	1,454,070	36.40%	1,626,691	11.87%
County Administration Fees	(4,304)	(9,275)		(11,986)		(26,839)		(30,647)	
ERAF Shift [2]	-0-	-0-		-0-		-0-		(50,979)	
Statutory Pass-Throughs	(30,347)	(123,697)		(213,205)		(290,814)		(325,338)	
Net Tax Revenues [5]	$117,729	$485,513	312.40%	$840,836	73.19%	$1,136,417	35.15%	$1,219,727	7.33%

[1] Base Year secured valuation was $403,196,115 and Base Year unsecured valuation was $8,824,295.
[2] See "BOND OWNERS' RISKS – State Budget" for a description of the ERAF shift.
[3] The table is modified to give effect to the BA Studios appeal result. See "LIMITATIONS ON TAX REVENUES – Property Assessment Appeals."
[4] Revenues for Fiscal Year 2000-01 and 2001-02 are restated as a result of the BA Studios appeal reduction. Fiscal Year 2002-03 revenues are the Commission's budgeted amounts.
[5] This amount includes the 20% low and moderate income housing set-aside because it is included in the Tax Revenues pledged toward the payment of debt service on the Bonds. See "SECURITY FOR THE BONDS – Tax Revenues."
Source: West Hollywood Community Development Commission and County of Los Angeles Auditor-Controller's Office.

For projected debt service coverage information with respect to the East Side Project Area, see "HISTORICAL AND ESTIMATED TAX REVENUES - Debt Service and Estimated Coverage."

The total County Administrative Fees are shown below.

TABLE 4
Historical County Administrative Fees
Fiscal Years 1998-99 - 2002-03

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Administrative cost						
Allocated to Commission	$4,304	$9,275	$11,985	$26,839	$30,647	$39,719
Allocated to Pass throughs	1,076	2,319	2,996	6,710	7,662	9,930
Total	5,380	11,594	14,981	33,549	38,309	49,649
Percent of Total East Side Project Area Tax Increment	3.5%	1.9%	1.1%	1.9%	3.4%	2.5%

Assessment Appeals

Settled Assessment Appeals. The table below sets forth information on the appeals originally filed between Fiscal Years 1997-98 through 2002-03 that have been settled, based on information provided by the Los Angeles County Assessor, *other than* the BA Studios appeal, which is discussed separately below.

TABLE 5
Settled Assessment Appeals
(other than BA Studios Appeals)
Fiscal Year 1997-98 through 2002-03

Lien Year	Total Appeals	Resolved Appeals	Successful Appeals	Original Value	Loss of Value From Successful Appeals	Percentage Loss
1997-98	54	54	24 (44.44%)	$8,452,007	$1,669,507	19.75%
1998-99	27	27	13 (48.15 %)	11,648,585	3,788,585	32.52 %
1999-00	17	16	7 (43.75%)	5,676,383	1,353,383	23.84%
2000-01	17	17	10 (58.82 %)	11,063,124	2,588,886	23.40%
2001-02	23	22	17 (77.27 %)	77,080,611	28,279,869	36.69 %
2002-03	23	8	4 (50.00%)	2,492,144	496,584	19.93%
Total:	172	147	76 (51.70 %)	$117,292,854	$38,371,814	32.71 %

Source: Los Angeles County Assessment Appeals Board.

Of the total appeals set forth in the table above, appeals filed for the top 25 property owners represented 23 total appeals, of which 21 are resolved, including 15 successful appeals for a loss in value of $31,048,951 the (all based on information provided by the Los Angeles County Assessor).

Pending Assessment Appeals. The table below sets forth information on the 25 appeals originally filed between Fiscal Years 1998-99 through 2002-03 that remain pending, based on information provided by the Los Angeles County Assessor, together with a projection of the impact of successful appeals based on the historical successful appeals rates shown in the table above.

TABLE 6
Pending Assessment Appeals Impact Projection
Fiscal Year 1998-1999 through 2002-03

Lien Year	Pending Appeals	Prior Successful Percentage	Average Appeal Value	Prior Loss Percentage	Estimated Loss in Assessed Value	Estimated Revenue Loss
1998-99	2	48.15%	$623,321	32.52%	$195,220	$1,952
1999-00	4	41.18%	993,698	23.84%	390,223	3,902
2000-01	3	57.89%	1,059,154	23.31%	428,978	4,288
2001-02	1	77.27%	3,687,862	36.69%	1,045,522	10,455
2002-03	15	50.00%	824,563	19.93%	1,232,266	12,323
Total:	25		$1,081,842		$3,292,209	$32,920

Source: Los Angeles County Assessment Appeals Board.

Impact of Successful BA Studios Assessment Appeals. During September and October of 2002, the County Assessment Appeals Board decided a number of assessment appeals regarding the property owned by BA Studios (which is the largest payer of property taxes in the East Side Project Area) originally filed from fiscal year 1997-98 through 2001-02. The BA Studios property had a net total assessed value of approximately $65.8 million for fiscal year 2001-02, which was adjusted as a result of the appeals to a value of approximately $39.1 million. The related reduction in property tax increment has been incorporated in the estimates of revenue shown in this Official Statement.

Commission's Projection of Impact on Revenues of Successful Assessment Appeals. To account for a potential valuation decrease due to successful appeals, the Commission has assumed that the entire estimated reduction of Assessed Value shown in Table 6 above (approximately $3,292,000) will occur in 2003-04. See "– Debt Service and Estimated Coverage" below. *While the Commission believes such adjustments to be reasonable, there can be no assurance that actual successful appeals, if any, will not reduce assessed values by a greater amount.*

Debt Service and Estimated Coverage

Projected Changes in Assessed Values. The table below calculates the projected changes in assessed values of the property within the East Side Project Area for the current fiscal year through fiscal year 2006-07.

TABLE 7
Projected Changes in Assessed Values
Fiscal Years 2003-04 through 2006-07

	2003-04	2004-05	2005-06	2006-07
Beginning Assessed Value	$619,909,000	$610,617,000	$696,829,340	$710,765,927
Inflationary Increase (2%) [1]	-0-	12,212,340	13,936,587	14,215,319
Allowance for Exemptions not Enrolled [2]	(6,000,000)	-0-	-0-	-0-
Pending Appeals [3]	(3,292,000)	-0-	-0-	-0-
Projected Increase from Gateway Project [4]	-0-	74,000,000	-0-	-0-
Total Assessed Value	610,617,000	696,829,340	710,765,927	724,981,245
Less Base Year (1997) Increment	(412,020,410)	(412,020,410)	(412,020,410)	(412,020,410)
Incremental Assessed Value	$198,596,590	$284,808,930	$298,745,517	$312,960,836

[1] Reflects the 2% annual increased in assessed values allowed under Proposition 13.
[2] Represents the Commission's estimate of the effect for the current fiscal year of property tax exemptions not yet enrolled on the County tax rolls.
[3] See "– Assessment Appeals" above for a discussion of the assumptions regarding successful assessment appeals.
[4] See "THE EAST SIDE PROJECT AREA – New Construction Activity."
Source: West Hollywood Community Development Commission.

Projected Tax Increment Revenues. The table below shows the calculations used to project Tax Revenues based on the projected assessed values for the East Side Project Area and the Commission's assumptions regarding deductions for appeals, taking account of statutory pass-throughs and the property tax administration charge, for the current fiscal year through fiscal year 2006-07. No deduction is made for the 20% low and moderate income housing set-aside because the Bonds are payable from both the 20% housing set-aside portion of tax revenues and the 80% non-housing portion.

TABLE 8
Projected Tax Increment Revenue Calculations
Fiscal Years 2003-04 through 2006-07

	2003-04	2004-05	2005-06	2006-07
Total Tax Increment [1]	$1,985,966	$2,848,089	$2,987,455	$3,129,608
Less Delinquencies [2]	(113,200)	(162,341)	(170,285)	(178,388)
Less Statutory Pass Throughs (20%) [3]	(397,193)	(569,618)	(597,491)	(625,922)
Less County Administration Charge [4]	(39,719)	(56,962)	(59,749)	(62,592)
Net Tax Increment Revenues [5] [6]	$1,435,854	$2,059,168	$2,159,930	$2,262,706

[1] Represents 1% incremental assessed value each year. See Table 7 above.
[2] Delinquencies projected to continue at the City-wide rate of 5.70% in fiscal year 2002-03.
[3] Calculated based on 20% of gross estimated tax revenues (before the low and moderate income housing set-aside). See "LIMITATIONS ON TAX REVENUES – Statutory Pass-Throughs."
[4] Assumes a Los Angeles County administration fee of 2% of tax increment revenues.
[5] All of this amount is pledged to the payment of debt service on the Bonds, including the 20% low and moderate income housing set-aside. See Table 9 below for a calculation of projected debt service coverage ratios on the Bonds.
[6] Does not reflect the ERAF shift approved by the State legislature for fiscal year 2003-04, which is equal to $91,700 and is payable on a subordinate basis to debt service on the Bonds. See "BOND OWNERS' RISKS – State Budget Deficit and ERAF Shift." Because no ERAF shift has been proposed for future fiscal years, no assumption regarding future ERAF shifts is made in this table.
Source: West Hollywood Community Development Commission.

Estimated Debt Service Coverage. The table below sets forth the estimated Tax Revenues available for meeting debt service on the Bonds for Fiscal Years 2003-04 forward.

TABLE 9
Projected Tax Revenues and Estimated Debt Service Coverage

Fiscal Year Ending June 30	2003 Bonds Principal	2003 Bonds Interest	Total Debt Service	Net Tax Increment Revenues [1]	Debt Service Coverage
2004	$235,000	$549,938	$784,938	$1,435,854	183%
2005	195,000	591,070	786,070	2,059,168	262
2006	200,000	585,220	785,220	2,159,930	275
2007	205,000	579,220	784,220	2,262,706	289
2008	215,000	572,045	787,045	2,262,706	287
2009	220,000	565,595	785,595	2,262,706	288
2010	225,000	557,895	782,895	2,262,706	289
2011	235,000	548,895	783,895	2,262,706	289
2012	245,000	538,320	783,320	2,262,706	289
2013	260,000	527,295	787,295	2,262,706	287
2014	270,000	514,945	784,945	2,262,706	288
2015	285,000	502,120	787,120	2,262,706	287
2016	295,000	488,155	783,155	2,262,706	289
2017	310,000	473,110	783,110	2,262,706	289
2018	330,000	456,990	786,990	2,262,706	288
2019	345,000	439,665	784,665	2,262,706	288
2020	365,000	421,380	786,380	2,262,706	288
2021	385,000	401,305	786,305	2,262,706	288
2022	405,000	380,130	785,130	2,262,706	288
2023	425,000	357,450	782,450	2,262,706	289
2024	450,000	333,225	783,225	2,262,706	289
2025	475,000	307,913	782,913	2,262,706	289
2026	505,000	281,194	786,194	2,262,706	288
2027	530,000	252,788	782,788	2,262,706	289
2028	560,000	222,975	782,975	2,262,706	289
2029	595,000	191,475	786,475	2,262,706	288
2030	630,000	157,263	787,263	2,262,706	287
2031	665,000	121,038	786,038	2,262,706	288
2032	700,000	82,800	782,800	2,262,706	289
2033	740,000	42,550	782,550	2,262,706	289
Totals:	$11,500,000	$12,043,962	$23,543,962	$66,748,014	

[1] Net tax increment revenues are projected to increase through fiscal year 2006-07 based on the assumptions contained in Table 8 above, and are assumed to remain constant for the remainder of the projection period.

Source: West Hollywood Community Development Commission.

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIIIA

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article 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. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in June 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property from the 1 percent limitation.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIIIA. Proposition 58 amends 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 amends 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. Recently, the United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIIIA did not violate the federal Constitution. The Commission 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 Commission's receipt of tax increment revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIIIA.

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

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

Property Tax Collection Procedures

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

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

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

Penalties. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption and a $15 Redemption Fee. If taxes are unpaid for a period of five years or more, the property is recorded in a "Power to Sell" status and is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1.5% 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 upon 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. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. The statute may provide increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent such supplemental assessments occur within the East Side Project Area, Tax Revenues may increase.

Tax Collection Fees. SB 2557 (Chapter 466, Statutes of 1990) authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge.

The amount of these administrative costs for the East Side Project Area for the last five fiscal years are set forth above. See "HISTORICAL AND ESTIMATED TAX REVENUES." These costs are deducted prior to a determination of Tax Revenues which are pledged to pay debt service on the Bonds.

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 Redevelopment Law which provided 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 Redevelopment Law.

State Board of Equalization and Property Assessment Practices

On December 10, 1998, the State Board of Equalization ("SBOE") approved revisions to its guidelines regarding the valuation of intangible business and commercial property for property tax purposes. The SBOE approved these revisions over the strong objections of the California Assessors Association ("CAA"), an organization representing all 58 County Assessors in California.

The Commission is not able to predict whether the revised SBOE guidelines will cause any reductions in tax increment revenues and, hence, in Tax Revenues. However, the Commission does not believe that the SBOE's adoption of the revised guidelines will affect its ability to pay debt service on the Bonds.

Exclusion of Tax Revenues for General Obligation Bonds Debt Service

An initiative to amend the California Constitution entitled "Property Tax Revenues Redevelopment Agencies" was approved by California voters at the November 8, 1988 general election. Under prior law, a redevelopment agency using tax increment revenue received additional property tax revenue whenever a local government increased its property tax rate to pay off its general obligation bonds. This initiative amended the California Constitution to allow the California Legislature to prohibit redevelopment agencies from receiving any of the property tax revenues raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness.

The initiative only applies to tax rates levied to finance general obligation bonds approved by the voters on or after January 1, 1989. Any revenue reduction to redevelopment agencies would depend on the number and value of the general obligation bonds approved by voters in prior years, which tax rate will reduce due to increased valuation subject to the tax or the retirement of the indebtedness. The Commission did not experience a revenue loss as a result of the initiative.

Proposition 218

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes - Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles 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. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

AB 1290

In 1993, the California Legislature enacted Assembly Bill 1290 ("AB 1290") which contained several significant changes in the Redevelopment 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 revenues. In general, a redevelopment plan 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 Commission's Plan was adopted in 1997 in compliance with AB 1290. See "– Redevelopment Plan Limitations" below.

Future Initiatives

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

Low and Moderate Income Housing

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the law requiring redevelopment agencies to set aside 20% of all tax increment revenues 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.

The East Side Project Area is subject to the 20% set-aside requirement for low- and moderate-income housing. However, this amount will be available to pay debt service on the Bonds. See "HISTORICAL AND ESTIMATED TAX REVENUES."

Statement of Indebtedness

Under the Redevelopment Law, the Commission must file with the County Auditor a statement of indebtedness for the East Side Project Area by October 1 of each year. As described below, the statement of indebtedness controls the amount of tax increment revenue that will be paid to the Commission 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 the Bonds and all parity debt) (the "Debt"), both over the life of the Debt and for the current fiscal year, and (ii) the amount of "available revenue" as of the end of the previous fiscal year.

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

The County Auditor may only pay tax increment revenue to the Commission in any fiscal year to the extent that the total remaining principal and interest on all Debt exceeds the amount of available revenues as shown on the statement of indebtedness.

The statement of indebtedness constitutes prima facie evidence of the indebtedness of the Commission; however, the County Auditor may dispute the statement of indebtedness in certain cases. Section 33675 of the Redevelopment Law provides for certain time limits controlling any dispute of the statement of indebtedness, and allows for Superior Court determination of such dispute if it cannot be resolved by the Commission 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 contract 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.

Redevelopment Plan Limitations

Sections 33333.2 and 33333.4 of the Redevelopment Law requires each redevelopment agency to either include in each redevelopment plan or to adopt by ordinance a limitation on the amount of taxes that may be divided and allocated to the redevelopment agency with respect to the related redevelopment project area. Under Section 33333.2, taxes may not be allocated to a redevelopment agency beyond this limitation except by amendment of the redevelopment plan.

The East Side Redevelopment Plan contains such tax increment limitations. The time limits set forth under the East Side Redevelopment Plan, the amount of taxes attributable to real property (land and improvements including personal property) located within the East

Side Project Area that may be divided and allocated to the Commission under the Redevelopment Law, and the current deadline for the Commission to incur debt, are as follows:

Limitation	
Plan Effectiveness:	June 1, 2027
Repayment of Debt:	June 1, 2042
Date to Receive Tax Increment Revenues:	June 1, 2042
Final Date to Incur Debt:	June 1, 2017
Amount of Bonded Indebtedness	$236,000,000 [1]

[1] Represents the limit as of March 31, 2003, based on the original bonded indebtedness limit of $200,000,000 plus a Consumer Price Index inflator.

Senate Bill 211 ("SB 211"), which was adopted in 2001 and took effect as of January 1, 2002, allows redevelopment agencies, by ordinance, to eliminate the time limit on establishing indebtedness (meaning the redevelopment agency could incur debt up to the end of the effectiveness of its redevelopment plan), but would in turn trigger statutory pass-throughs to all taxing entities with whom the redevelopment agency does not have a pass-through agreement at the time the ordinance is adopted. If the Commission and the City choose to eliminate the Commission's existing tax increment indebtedness limit as permitted by SB 211, the statutory pass-throughs would apply starting in the year after what is now the final year to incur indebtedness.

Property Assessment Appeals

Assessment Appeal Procedures. An assessee of locally assessed or state-assessed property may contest the taxable value enrolled by the county assessor or by the State Board of Equalization ("SBE"), respectively. The assessee of SBE-assessed property or locally-assessed personal property, the valuation of which are 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.

Under Section 51(b) of the Revenue and Taxation Code, the assessor may place a value on the tax roll lower than the compounded base assessment value if the full cash value of real

property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in the value. Reductions in value 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 which 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.

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 the East Side 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 Los Angeles County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. Because the Los Angeles County Controller adjusts revenues to the Commission to reflect roll corrections from successful appeals, the Commission may bear the burden of appeals. The actual valuation impact to the East Side Project Area from successful assessment appeals will occur on the assessment roll prepared after the actual valuation reduction.

Settled Assessment Appeals. The tables above set forth information on settled and pending appeals. See "HISTORICAL AND ESTIMATED TAX REVENUES – Property Tax Appeals."

Statutory Pass-Throughs

Pass-through payments to taxing agencies are made in accordance with the following formulas pursuant to Health & Safety Code Section 33607.5:

a. 20% of gross tax increment revenue (or 25% of revenue after deduction for the 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 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 10th fiscal year,

c. an additional 11.2% of the gross tax increment (14% after deduction for the 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 30th fiscal year.

The payments to the affected taxing agencies are allocated between each agency in proportion to the share of property taxes each agency receives in the year funds are allocated.

No Pass-Through Agreements

Redevelopment agencies can enter into "pass-through" agreements, under which the redevelopment agency may obligate itself to pass through a portion of its tax increment revenues to a particular taxing entity. However, there are no pass-through agreements affecting the East Side Project Area.

Tax Sharing Arrangements

The "Tax Sharing Agreement" is an Owner Participation Agreement dated as of August 2002, by and between the Commission and BA Studios, which was entered into in connection with the development of a site located in the East Side Project Area bounded by Poinsettia Place on the west, Santa Monica Boulevard on the north, Formosa Avenue on the east, and a parcel owned by the Los Angeles Department of Water and Power on the south (the "Site"). Under the Tax Sharing Agreement, the Commission agrees to rebate to BA Studios, on an annual basis until June 2, 2027, an amount equal to the following:

(1) 50% of the "Net Tax Increment" generated from new development on the Site which is completed prior to the expiration date of the Development Agreement between the City and Warner Hollywood Studios (as it may be extended), and

(2) to the extent that costs of the mitigation required in connection with the Development Agreement, as amended, exceeds $10,000, 100% of the Net Tax Increment generated from the development of the BA Studios Parking Structure, with interest from the date the expenses were incurred, until such time as BA Studios has been reimbursed for its mitigation expenses in excess of $10,000, or June 2, 2027, whichever comes first.

The Tax Sharing Agreement defines "Net Tax Increment" as the balance of monies allocated to and paid to the Commission under Section 33676(b) et seq. of the Law that remain after deduction by the County for administrative fees and required payments to taxing agencies, less that portion that the Commission is required to set aside in the Low and Moderate Income Housing Fund under Sections 33334.2 and 33334.3 of the Law.

The Indenture excludes all payments under the Tax Sharing Agreement from the definition of Tax Revenues that are pledged to pay debt service on the Bonds. See "SECURITY FOR THE BONDS – Tax Revenues."

BOND OWNERS' RISKS

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

Reduction of Tax Base

The Tax Revenues constitute the primary security for the Bonds. Tax Revenues are determined by the amount of incremental assessed value of taxable property the East Side Project Area, the current rate or rates at which property in the East Side Project Area is taxed, and the percentage of taxes collected in the East Side Project Area.

Several types of events beyond the control of the Commission could occur and cause a reduction in available Tax Revenues that secure the Bonds, including among others the following: a reduction of taxable values of property in the East Side Project Area caused by local or regional economic factors; a relocation out of the East Side Project Area by one or more major property owners; successful appeals by property owners for a reduction in a property's assessed value; a reduction of the general inflationary rate; or the destruction of property caused by natural or other disasters. This risk increases in proportion to the percent of total assessed value attributable to any single assessee in the East Side Project Area. For information regarding the largest assessees of the East Side Project Area, see "THE EAST SIDE PROJECT AREA."

Reduction in Inflationary Rate

As described in greater detail below, 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 four times: in fiscal year 1982-83, 1%; in fiscal year 1993-94, 1.19%; in fiscal year 1994-95, 1.11%; and in fiscal year 1997-98, 1.85%.

The Commission is unable to predict if any adjustments to the full cash value base of real property within the East Side Project Area, whether an increase or a reduction, will be realized in the future.

Future Initiatives, Litigation or Changes In the Law

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

affecting Tax Revenues payable to the Commission, or the Commission's ability to expend tax increment revenue.

Levy and Collection of Taxes

The Commission 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 Revenues, and accordingly, could have an adverse impact on the ability of the Commission to pay debt service on the Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the East Side Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Commission's ability to make timely payments of debt service on the Bonds. Any reduction in Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Commission's ability to pay the principal of and interest on the Bonds.

Estimates of Tax Revenues

To estimate the total revenues available to pay debt service on the Bonds, the Commission has made certain assumptions with regard to the assessed valuation in the East Side Project Area, 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 Commission believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates, the percentage of taxes collected or the amount of the funds available for investment, or the interest rate at which they are invested, are less than the Commission's assumptions, the total revenues available to pay debt service on the Bonds will, in all likelihood, be less than those projected in this Official Statement. See "HISTORICAL AND ESTIMATED TAX REVENUES."

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 Revenues, the Commission has *not* assumed the 2% inflationary increases. See "HISTORICAL AND ESTIMATED TAX REVENUES – Debt Service and Estimated Coverage." However, future deflation could cause decreases in property values, a reduction in tax revenues received by the Commission and a reduction in Tax Revenues. See "SECURITY FOR THE BONDS" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS."

Concentration of Ownership

The assessed value of the property owned by largest property owner in the East Side Project Area, BA Studios, currently represents approximately 6.89% of the total assessed value in the East Side Project Area, and approximately 20.54% of incremental assessed value in the East Side Project Area. See "THE EAST SIDE PROJECT AREA – Largest Taxpayers."

Events causing a reduction in assessed value of or physical damage to property in the East Side Project Area owned by BA Studios or any future owner of significant property, such as physical damage by fire, earthquake or other causes, may significantly delay or ultimately reduce the payment of property taxes in the East Side Project Area. Further, bankruptcy or financial difficulties arising with respect to a current or future major property owner may also

less than the base year value of the property (the value assigned upon change of ownership or new construction) and the current year, market value of property is equal to or higher than the computed base year value for the current year. Such instances occur when the prior year value of the property was determined by a Proposition 8 appeal and the condition causing reduction (e.g., recession in the real estate market) has ceased to influence the value of property.

The court ruled that the California Constitution and the California Revenue and Taxation Code limit the year to year change in value of property to 2% except in situations described in law but not limited to the instances mentioned above. The court also found that the California Constitution does not authorize a temporary decline in the base value of property that can be restored at a rate higher than 2%. In December 2002, the Orange County Superior Court defined as a litigation class all of the people in Orange County subject to recapture. The Court entered a Final Judgment on April 18, 2003, and the case is now subject to appeal. In 2002 two other Superior Courts (Los Angeles and San Diego) ruled differently on the "recapture" issue. Therefore, the issues of uniformity and equal protection for each taxpayer statewide must be addressed. (When lower courts differ, the subject matter is often subject to a uniformity review.) On June 12, 2003, the Orange County Assessor and the Tax Collector, in conjunction with the County of Orange, filed a notice of appeal of the action in the Court of Appeal of the State of California. This appeal process can take 1-2 years to complete.

The Commission is unable to predict the effect on Tax Revenues if the ruling described above is ultimately determined to have applicability to property within the East Side Project Area.

THE WEST HOLLYWOOD PUBLIC FINANCING AUTHORITY

The West Hollywood Public Financing Authority (the "Authority") is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement dated as of August 1, 2003, by and between the Commission and the City. The Joint Exercise of Powers Agreement was entered into pursuant to the California Government Code, commencing with Section 6500. The Authority is a separate entity constituting a public instrumentality of the State and was formed for the public purpose of assisting in financing and refinancing redevelopment projects pursuant to the Redevelopment Law for the benefit of the City and the Commission through the purchase by the Authority of obligations of the Commission or the loan of funds to the Commission.

The Authority is governed by a board of five directors. The members and officers of the Commission serve as the Board of Directors and officers of the Authority, and the Commission provides other staffing and administrative services to the Authority. The Authority has the power to make and enter into contracts; to employ agents and employees; to acquire, construct, manage and operate buildings, works or improvements; to acquire, hold or dispose of property within the City; and to incur debts, liabilities or obligations.

TAX MATTERS

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

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

If the initial offering price to the public (excluding bond houses and brokers) at which a bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. Deminimis original issue discount is disregarded.

Under the Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Code, original issue premium is amortized on an annual basis over the term of the bond (said term being the shorter of the bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a bond is amortized each year over the term to maturity of the bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such bonds.

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

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

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will render an opinion with respect to the Bonds substantially in the form set forth in Appendix D to this Official Statement. Copies of the opinion will be available at the time of delivery of the Bonds.

Certain legal matters will be passed upon for the Commission by Jones Hall, A Professional Law Corporation, as disclosure counsel, and for the Commission by the City Attorney of the City.

LITIGATION

There is no litigation pending or, to the Commission's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds or the Indenture, or any proceeding of the Commission with respect to the Bonds or the Indenture. In the opinion of the Commission and its counsel there are no lawsuits or claims pending against the Commission that may materially affect the Commission's finances so as to impair its ability to pay the principal of, premium (if any) and interest on the Bonds when due.

RATINGS

Moody's Investors Service ("Moody's") will assign the Bonds a rating of "Baa3." This rating reflects only the views of Moody's. Explanations of the significance of this rating must be obtained from Moody's. There is no assurance that this rating will continue for any given period of time or will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of this rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Stone & Youngberg LLC, the Underwriter of the Bonds (the "Underwriter"), has agreed to purchase the Bonds at a purchase price of $11,275,412.20, which equals the aggregate principal amount of the Bonds ($11,500,000.00) less a net original issue discount of $104,971.80, and less an underwriter's discount of $119,616.00. The Underwriter will purchase the Bonds from the West Hollywood Public Financing Authority, which is purchasing the Bonds from the Commission for resale to the Underwriter.

The purchase contract under which the Underwriter is purchasing the Certificates provides that the Underwriter will purchase all of the Certificates if any are purchased. The

obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the contract of purchase.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices different from the prices stated on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

PROFESSIONAL FEES

The fees paid to the following professionals participating in this offering are contingent on the successful sale and delivery of the Bonds: Bond Counsel; Disclosure Counsel; the Trustee; the Financial Advisor; and the Underwriters.

CONTINUING DISCLOSURE

The Commission has covenanted for the benefit of Bondowners to provide certain financial information and operating data relating to the Commission by not later than January 15 in each year commencing January 15, 2004 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Commission will file each Annual Report with each Nationally Recognized Municipal Securities Information Repository, and with the appropriate State information depository, if any. The Commission will file any notices of material events with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). See "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

EXECUTION

All information contained in this Official Statement pertaining to the Commission and the City have been furnished by the Commission and the City, and the execution and delivery of this Official Statement have been duly authorized by the Commission.

WEST HOLLYWOOD COMMUNITY
DEVELOPMENT COMMISSION

By: /s/ Anil H. Gandhy
Treasurer

disbursements of attorneys, financial advisors, accounting firms, consultants and other professional fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the issuance of the Bonds.

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

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

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

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

"Defeasance Obligations" means:

(a) cash;

(b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series);

(c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;

(d) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;

(e) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S.. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and

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

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest therein is the return paid by the fund is without regard to the source of the investment.

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

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

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

(a) is in fact independent and not under domination of the Agency;

(b) does not have any substantial interest, direct or indirect, with the Agency; and

(c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

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

(a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under domination of the Agency;

(c) does not have any substantial interest, direct or indirect, with the Agency; and

(d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent/FIS, Inc. 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attn: Called Bond Dept.; Kenny S&P, 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the redemption of bonds as the Agency may designate in a Written Request of the Agency filed with the Trustee.

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

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

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

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

"Moody's" means Moody's Investors Service, Inc., its successor and assigns.

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

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of defeasance provisions of the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

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

"Parity Debt" means any loans, advances, or indebtedness issued or incurred by the Agency on a parity with the Bonds pursuant to the Indenture.

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

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

(a) Federal Securities;

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

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

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

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

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

(g) investment agreements, including guaranteed investment contracts, which, are general obligations of an entity whose long term debt obligations, or claims paying ability, respectively, is rated in one of the two highest rating categories by Moody's or S&P;

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

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

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

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

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

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Trustee or a third

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

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

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

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

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

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

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

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

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

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

"Redevelopment Plan" means the Redevelopment Plan for the East Side Redevelopment Project, together with any amendments thereof hereafter duly enacted pursuant to the Law.

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

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

"Reserve Requirement" means the lesser of (i) ten percent (10%) of the original principal amount of, less underwriter's discount and original issue discount (if any) on, the Bonds and any Parity Debt or, (ii) Maximum Annual Debt Service. If at the time of calculation of the Reserve Requirement there shall be two (2) or more reserve accounts established with respect to the Bonds and any Parity Debt, then the amounts on deposit in such reserve accounts shall be aggregated for purposes of calculating compliance with the Reserve Requirement.

"S&P " means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall for any reason no longer perform the function of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized rating agency designated by the Agency.

"Securities Depositories" means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories at such addresses as the Agency may designate in a Written Request of the Agency delivered to the Trustee.

"Serial Bonds " means all Bonds other than the Term Bonds.

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

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

"State " means the State of California.

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

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

"Tax Sharing Agreement" means the agreement dated as of August 2002, by and between the Agency and BA Studios heretofore entered into by the Agency pursuant to Section 33401 of the Law providing for the payment of tax increment revenues (allocated and paid to the Agency pursuant to Section 33670 of the Law).

"Term Bonds" meansthe Bonds maturing September 1, 2028, and September 1, 2033, and any Parity Debt subject to mandatory sinking fund redemption pursuant to the applicable supplemental indenture.

Pledge and Deposit of Tax Revenues

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

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

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

Establishment of Funds and Accounts; Flow of Funds

Bond Proceeds Fund. There is established by the Indenture a separate fund to be known as the "Bond Proceeds Fund", which shall be held by the Trustee in trust, and within such Fund there shall be established a separate Costs of Issuance Account. The moneys in the Costs of Issuance Account shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a written request of the Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six (6) months following the Closing Date, or upon the earlier written request of the Agency, all amounts (if any) remaining in the Costs of Issuance Account shall be withdrawn therefrom by the Trustee and transferred to the Agency for deposit in the Redevelopment Fund.

Redevelopment Fund. There is established by the Indenture a separate fund known as the "East Side Redevelopment Project Redevelopment Fund" (the "Redevelopment Fund"), which the Agency has covenanted and agreed to cause to be maintained and which shall be

held in trust by the Agency. The moneys in the Redevelopment Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing the Redevelopment Project, including payment of any remaining unpaid Costs of Issuance. The Agency shall pay moneys from the Redevelopment Fund upon receipt of claims thereon. The Agency has warranted that no funds on deposit in the Redevelopment Fund shall be applied for any purpose not authorized by the Law.

Pursuant to Section 33334.3 of the Law, the Agency has heretofore established the Housing Fund. Within the Redevelopment Fund there is established a separate account to be known as the "Housing Bond Proceeds Account", which shall be held and maintained by the Agency and which shall be deemed to constitute a part of the Housing Fund. Amounts on deposit in the Housing Bond Proceeds Account shall be derived solely from the proceeds of the Bonds deposited therein pursuant to the Indenture and from earnings on the investment and reinvestment of such proceeds. The Agency shall disburse moneys from the Housing Bond Proceeds Account solely for the purpose of paying the costs of low and moderate income housing projects which meet the requirements of Sections 33334.2 and 33334.3 of the Law. The Agency shall comply with all applicable provisions of the Law relating to the approval of such projects and the expenditure of the proceeds of the Bonds to finance such projects.

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

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

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

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

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency shall withdraw from the Special Fund and transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient moneys in the Special Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Agency shall be obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Agency is not in default hereunder, any amount in the Reserve account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before the fifth (5th) Business Day preceding March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Agency shall have caused to be deposited in the Special Fund an amount sufficient to make the deposits required by the Indenture, then at the Written Request of the Agency to the Redevelopment Fund.

The Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Agency to be deposited in the Redevelopment Fund and used for the purposes thereof. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment

when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency shall be pro-rata with respect to each such instrument.

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

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

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

Issuance of Parity Debt

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

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

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

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

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

(e) The Tax Revenues estimated in the Report of an Independent Redevelopment Consultant to be received for the then current Fiscal Year shall be at least equal to one hundred fifty percent (150%) of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt; provided, however, that if the total of the assessed valuation of the property of the largest assessed owner in the Redevelopment Project, based upon such valuations on the tax roll for the most recent Fiscal Year for which such information is available, represents not more than twenty percent (20%) of the incremental assessed value of the Redevelopment Project for the corresponding Fiscal Year, then the Tax Revenues estimated in the Report of an Independent Redevelopment Consultant to be received for the then current Fiscal Year shall be at least equal to one hundred twenty five percent (125%) of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt; and

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

Issuance of Subordinate Debt

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

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

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

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

Investment of Funds

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

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

Certain Covenants of the Agency

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

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

Accounting Records; Financial Statements; Annual Calculation of Available Tax Revenues. The Agency shall keep, or cause to be kept, proper books of record and accounts,

separate from all other records and accounts of the Agency and the City of West Hollywood, in which complete and current entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) percent in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

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

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

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

Disposition of Property. The Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of the Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than 10 percent of the land area or more than 10 percent of the most recent assessed valuation of the property in the Project Area unless such disposition is permitted as hereinafter provided. If the Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment Consultant concludes that the security of the Bonds or the rights of the Owners will not be materially impaired by said proposed disposition, the Agency may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Agency shall disapprove said proposed disposition.

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

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

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

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

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

Amendment of Indenture

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

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

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

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

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

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

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

Events of Default

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

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

(b) default by the Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of 60 days following receipt by the Agency of written notice from the Trustee or any Owner of the occurrence of such default; or

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

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

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

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

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

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

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

Non-Waiver. A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right

or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Redevelopment Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners. If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners, the Agency and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

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

Discharge of Indenture

If the Agency shall pay and discharge the indebtedness evidenced by the Bonds or any portion thereof in any one or more of the following ways;(i) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;(ii) by irrevocably depositing with the Trustee or another fiduciary, in trust at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay such Bonds, including principal, interest and redemption premiums, (if any), or;(iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness evidenced by the Bonds (including principal, interest and redemption premiums, if any) at or before maturity. If such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Agency under this Indenture with respect to such Bonds shall cease and terminate, except only (a) the obligations of the Agency with respect to rebate of moneys to the United States of America pursuant to the Indenture, (b) the obligation of the Trustee to transfer and exchange such Bonds under the Indenture, and (c) the obligation of the Agency to pay or cause to be paid to the Owners, from amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee. In the event the Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding,

the Trustee shall be authorized to take such actions and execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Agency has determined to pay and discharge in part. In the event the Agency shall, pursuant to the foregoing provision, pay and discharge all of the Bonds then Outstanding, any funds thereafter held by the Trustee which are not required for said purposes, shall be paid over to the Agency.

APPENDIX B

CITY OF WEST HOLLYWOOD AND COUNTY OF LOS ANGELES DEMOGRAPHIC INFORMATION

The following is presented as general background data on the City of West Hollywood and the County of Los Angeles. The taxing power of the City, the County, the State of California or any political subdivision thereof is not pledged to the payment of the Bonds.

West Hollywood

The City of West Hollywood (the "City") is centrally located, bordered by Beverly Hills on the west and Hollywood on the east. It encompasses a total area of 1.88 square miles within Los Angeles County.

The City was previously a portion of unincorporated Los Angeles County until it was incorporated on November 29, 1984, as a general law city. The City is governed by the City Council/Manager form of government which consists of an elected five-member board. The City is managed by a City Manager, who serves as chief executive officer of the City.

Los Angeles County

Located along the southern coast of California, Los Angeles County (the "County" covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The county includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the county is mountainous and some 14 percent is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the county is a semi-dry plateau, the beginning of the vast Mojave Desert.

According to the Los Angeles County Regional Planning Commission, the 86 incorporated cities in the county covered about 1,344 square miles or 27 percent of the total county. About 16 percent of the land in the county was devoted to residential use and over two thirds of the land was open space and vacant.

Population

The following table shows population estimates for the City, the County and the State of California for the past five years.

CITY OF WEST HOLLYWOOD, LOS ANGELES COUNTY AND THE STATE OF CALIFORNIA
Population Estimates

Year (January 1)	City of West Hollywood	Los Angeles County	State of California
1999	35,300	9,330,100	33,140,000
2000	35,650	9,487,400	33,753,000
2001	36,100	9,653,900	34,385,000
2002	36,850	9,817,400	35,000,000
2003	37,300	9,979,600	35,591,000

Source: State of California Department of Finance, Demographic Research Unit.

Commercial Activity

The City. During the first two quarters of calendar year 2002, total taxable transactions in the City were reported to be $352,746,000, a 3% decrease from the total taxable transactions of $363,385,000 that were reported in the City during the first two quarters of calendar year 2001. A summary of historic taxable sales within the City for 1997 through 2001 is shown in the following table.

CITY OF WEST HOLLYWOOD
Number of Permits and Valuation of Taxable Transactions
Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
1997	803	$427,764	1,778	$572,574
1998	810	439,891	1,721	593,017
1999	894	510,225	1,845	661,687
2000	871	552,200	1,794	732,875
2001	977	538,946	2,016	712,479

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

The County. During the first two quarters of calendar year 2002, total taxable transactions in the County were $52,285,935,000, a 0.4% decrease from the total taxable transactions of $52,474,337,000 that were reported in the County during the first two quarters of calendar year 2001. A summary of historic taxable sales within the County for 1997 through 2001 is shown in the following table.

LOS ANGELES COUNTY
Taxable Transactions
(dollars in thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
1997	92,550	$55,283,389	737,783	$86,397,850
1998	93,898	57,500,490	263,772	90,205,600
1999	100,701	63,271,079	268,310	97,316,828
2000	103,771	70,321,379	268,431	106,673,534
2001	116,966	71,834,562	280,566	107,426,692

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Industry

The table below lists employment by industry group for Los Angeles County for the years 1998 through 2002.

LOS ANGELES COUNTY
Annual Average Labor Force
Employment by Industry Group

	1998	1999	2000	2001	2002
Civilian Labor Force (1)	4,647,600	4,662,300	4,645,900	4,677,500	4,696,200
Employment	4,343,300	4,389,300	4,397,400	4,413,200	4,378,100
Unemployment	304,300	273,000	248,500	264,300	318,100
Unemployment Rate	6.5%	5.9%	5.3%	5.7%	6.8%
Wage and Salary Employment (2)					
Agriculture	7,700	7,300	7,700	8,400	8,000
Natural Resources and Mining	3,500	3,400	3,400	3,800	3,600
Construction	119,100	126,900	131,700	136,800	134,900
Manufacturing	642,900	624,300	611,300	577,900	536,400
Wholesale Trade	215,800	217,600	219,100	219,400	217,900
Retail Trade	374,400	380,700	391,300	394,800	398,900
Transportation, Warehousing and Utilities	167,800	172,200	174,400	175,600	169,900
Information	214,600	236,200	242,600	226,300	208,800
Finance and Insurance	144,700	146,100	145,100	156,200	158,400
Professional and Business Services	585,100	585,000	598,200	588,000	578,300
Educational and Health Services	394,600	401,800	416,200	432,200	449,300
Leisure and Hospitality	331,600	335,800	344,300	348,500	353,300
Other Services	134,900	136,500	139,700	143,200	145,200
Federal Government	56,100	57,100	57,900	54,400	54,300
State Government	72,600	75,000	77,100	79,500	80,800
Local Government	412,300	429,600	446,200	464,500	470,800
Total, All Industries	3,951,200	4,010,200	4,079,800	4,082,000	4,041,500

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
Source: State of California, Employment Development Department.

Major Employers

The tables below set forth the largest employers in the County as of 2002.

LOS ANGELES COUNTY
Major Employers of 2002

Employer Name	Location	Industry
Computer Sciences Corp.	El Segundo	Computer & Data Processing Services
Hilton Hotels Corp.	Beverly Hills	Hotels & Motels
Litton Industries Inc.	Woodland Hills	Electrical Work
Mattel Inc.	El Segundo	Toys & Sporting Goods
Nestle USA Inc.	Glendale	Groceries & Related Products
Northrop Grumman Corp.	Los Angeles	Aircraft & Parts
Ralph's Grocery Co.	Los Angeles	Grocery Stores
Raytheon Systems Co.	El Segundo	Misc. Business Services
Robinson's-May	North Hollywood	Department Stores
Southern California Edison	Los Angeles	Electric Services
Times Mirror Co.	Los Angeles	Newspapers
Universal Studios Inc.	Universal City	Misc. Amusement, Recreation Services
University of California, Los Angeles	Los Angeles	Colleges & Universities
University of Southern California	Los Angeles	Colleges & Universities
Walt Disney Co.	Burbank	Motion Picture Production & Services

Source: State of California Employment Development Department.

Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 1998 through 2002.

CITY OF WEST HOLLYWOOD
Building Permits Valuation
(dollars in thousands)

	1998	1999	2000	2001	2002
Permit Valuation					
New Single-family	$54,456.2	$185,711.3	$100,598.8	$89,461.3	$233.4
New Multi-family	37,716.0	36,639.8	25,249.4	40,054.8	1,200.0
Res. Alterations/Additions	6,025.9	9,909.7	9,008.6	9,099.3	3,128.2
Total Residential	98,198.0	232,260.7	134,856.8	138,615.3	4,561.7
New Commercial	41,654.3	19,876.6	11,116.6	26,508.2	15,500.0
New Industrial	12,045.8	90.0	173.3	13,290.7	0.0
New Other	5,634.1	7,479.6	7,103.9	29,428.8	249.0
Com. Alterations/Additions	7,997.3	8,530.1	12,485.8	13,408.4	7,116.8
Total Nonresidential	67,322.3	35,976.3	30,879.7	82,636.1	22,865.8
New Dwelling Units					
Single Family	256	793	461	455	1
Multiple Family	585	448	365	476	6
TOTAL	841	1,241	826	931	7

Source: Construction Industry Research Board, *Building Permit Summary.*

LOS ANGELES COUNTY
Building Permits Valuation
(dollars in thousands)

	1998	1999	2000	2001	2002
Permit Valuation					
New Single-family	$1,586,758.6	$1,852,937.2	$2,083,486.5	$1,946,804.2	$2,031,609.8
New Multi-family	452,365.7	586,734.3	819,451.8	1,066,438.5	1,094,703.1
Res. Alterations/Additions	773,383.7	865,351.6	934,394.5	972,492.7	1,172,433.0
Total Residential	2,812,508.0	3,305,023.1	3,837,332.9	3,985,735.4	4,298,745.8
New Commercial	1,102,093.4	1,321,868.9	977,359.6	1,241,821.6	951,063.1
New Industrial	307,571.2	361,114.1	358,633.4	201,927.2	225,428.5
New Other	336,543.4	434,538.4	462,684.4	549,208.5	446,748.1
Com. Alterations/Additions	1,378,899.1	1,558,732.9	1,497,226	1,558,316.5	1,297,057.0
Total Nonresidential	$3,125,107.1	$3,676,254.3	$3,295,903.6	$3,551,273.8	$2,920,296.7
New Dwelling Units					
Single Family	6,887	7,858	8,417	8,181	8,217
Multiple Family	4,805	6,525	8,654	9,926	11,147
TOTAL	11,692	14,383	17,071	18,107	19,364

Source: Construction Industry Research Board, *Building Permit Summary.*

APPENDIX C

COMMISSION'S
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR 2001-02
AND
UNAUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR 2002-03

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WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION

FINANCIAL STATEMENTS

JUNE 30, 2002

WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION

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Michael K. Chu
David E. Hale
A Professional Corporation
Donald G. Slater
Richard K. Kikuchi

Retired
Robert C. Lance
1914-1994
Richard C. Soll
Fred J. Lunghard, Jr.
1928-1999

INDEPENDENT AUDITORS' REPORT

To the Honorable Chair and Members of the Governing Board
West Hollywood Community Development Commission, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the West Hollywood Community Development Commission, California, as of and for the year ended June 30, 2002, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Hollywood Community Development Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the West Hollywood Community Development Commission, California, as of June 30, 2002, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards,* we have also issued our report dated October 10, 2002 on our consideration of the West Hollywood Community Development Commission's internal control over financial reporting and our tests of it's compliance with certain laws, regulations, contracts and grants.

The accompanying management's discussion and analysis on pages 5 through 12 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

MEMBER
CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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To the Honorable Chair and Members of the Governing Board
West Hollywood Community Development Commission, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The individual fund budget comparison schedules are presented for purposes of additional analysis and are not a required part of the Basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements takes as a whole.

Lance, Soll & Lunghard, LLP

October 10, 2002

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Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed In Accordance
With *Government Auditing Standards*

To the Honorable Chair and Members of the Governing Board
West Hollywood Community Development Commission, California

We have audited the financial statements of West Hollywood Community Development Commission as of and for the year ended June 30, 2002, and have issued our report thereon dated October 10, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the West Hollywood Community Development Commission are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws and regulations identified in the Guidelines for Compliance Audits of California Redevelopment Agencies, issued by the State Controller and as interpreted in the Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the West Hollywood Community Development Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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To the Honorable Chair and Members of the Governing Board
West Hollywood Community Development Commission, California

This report is intended for the information of the Audit committee, management, and the State Controller. However, this report is a matter of public record and its distribution is not limited.

Lance, Soll & Lunghard, LLP

October 10, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the West Hollywood Community Development Commission ("Agency"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency's for the fiscal year ended June 30, 2002. The Agency was formed in April of 1996, with the LaBrea Gateway Project being adopted in June 1997. Fiscal year 2001-2002 represents the fourth year of the project area with tax-increment being received by the Agency. This is the second year the Agency has prepared statements pursuant to Statement No. 34 of the Governmental Accounting Standards Board (GASB 34). Comparative data on the government-wide financial statements are only presented in the MD&A.

Financial Highlights

Government-Wide

- The Agency's net assets are $1,137,205, with an increase of $749,096 as a result of this year's operations.
- Total revenues were $5,011,373, with program revenue of $3,109,197 and general revenue of $1,902,176. Tax increment for 2001-2002 represented 91.5% or $1,740,835 of the general revenues.
- The total expenses for Agency programs were $4,262,277, and increase of $119,791 or 2.9%.
- The Agency purchased land for $4,989,151 that will be held for the developer of LaBrea Gateway Project.

Fund Based

- The Agency's Low & Moderate Housing Fund received $348,167 in tax-increment (revenues) for the required 20% housing set-aside.
- The Agency's Debt Service Fund received gross tax-increment (before pass-through) of $1,392,668, with $1,019,275 available for debt service.
- The Agency's Project Fund received $3,109,197 in developer contributions for the LaBrea Gateway Project.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. 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 *statement of net assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Agency that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Agency include general government and pubic services.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term and outflows of spendable resource, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Agency maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds, all of which are considered to be major funds. Descriptions of the three funds are located in the *notes to the financial statements* under Note 1c.

The Agency adopts an annual appropriated budget. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

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 statement.

Government-wide Financial Analysis.

Our analysis focuses on the net assets and changes in net assets of the Agency's governmental activities. This represents the second year the Agency is reporting its financial statements under GASB Statement No. 34. Management has included comparative data from the prior year only in the MD&A.

Agency Net Assets (Table 1)
(In thousands

	Governmental Activities 2002	Governmental Activities 2001
Current and other assets	$ 15,767.1	$ 10,914.1
Capital assets	-	-
Total assets	**15,767.1**	**10,914.1**
Other liabilities	373.0	3,276.1
Long-term debt outstanding	14,257.0	10,599.1
Total liabilities	**14,629.9**	**13,875.2**
Net assets:		
Invested in capital assets, net of debt	-	-
Restricted	185.8	7,638.1
Unrestricted	951.5	(10,599.1)
Total net assets	**$ 1,137.2**	**$ (2,961.1)**

Government Net Assets. The Agency's net assets (Table 1) from governmental activities increased to $ 1,137,205. The increase comes from the change in net assets as recorded in the *statement of activities* and flows through the *statement of net assets.* The increase was a result of operations in the amount of $749,096 and a restatement of net assets in the amount of $3,349,164, the restatement is discuss in the *Notes of the Financial Statements.* Another major change resulted from the implementation of GASB 34, whereas in the current year long-term debt of $14,256,954 is shown on the *statement of net assets*, whereas in prior years it was in the general long-term debt account group.

Government Activities. Table 2 below shows the changes in net assets for the Agency.

Agency Changes in Net Assets (Table 2)
(In thousands)

	Governmental Activities 2002	Governmental Activities 2001
Revenues		
Program Revenues:		
Capital Contributions and Grants	$ 3,109.2	$ 890.8
General Revenues:		
Property taxes	1,740.8	1,341.6
Use of money and property	153.4	250.6
Other	7.9	32.5
Total Revenues	**5,011.4**	**2,515.5**
Expenses		
General Government	37.1	18.1
Public Services	3,165.2	3,425.7
Interest on long-term debt	711.8	430.4
Pass Through Payments	348.2	268.3
Total Expenses	**4,262.3**	**4,142.5**
Increase / (Decrease) in Net Assets	**$ 749.1**	**$ (1,627.0)**

Governmental activities increased the Agency's net assets by $749,096. Key elements of the change are as follows:

- The Agency's total revenues are $5,011,373, while total cost of all programs and services are $4,262,277.
- Program revenue was $3,109,197 and represented a contribution from the developer of the LaBrea Gateway Project for expenses incurred by the Agency.

- General revenues were $1,902,176, with $1,740,835 for tax-increment, $153,444 for use of money and property ($142,112 interest earnings and $11,332 rental income), and other revenue of $7,897.
- General government had program expenses of $37,082
- Public service was the largest program area with expenditures of $3,425,660; of this amount $2,020,000 was Housing & Rehabilitation Loans.
- Interest on long-term debt was $711,846 for the fiscal year, as of June 30, 2002 the Agency had borrowed $15,213,000 from the City of West Hollywood.
- The Agency had $348,167 for pass-through payments to other agencies.

For the *statement of activities*, the only program revenue was a capital contribution from the developer for acquisition and relocation costs for the LaBrea Gateway Project. Thus this reduced the net cost of the public service activity. The net cost shows the financial burden that was placed on the Agency's taxpayers by each of these functions. The net cost of services indicates that the overall cost of government is more than the revenues generated to support it. The Agency is not fully recovering the cost of these services with program revenues from user fees and other contributions. See the *statement of activities* for further detail on program revenues and general revenues.

Financial Analysis of the Agency's Funds

The 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 Agency's governmental funds reported combined ending fund balances of $1,137,205, which is represented by several components. For Reserved/designated, the amount is $13,042,483, which is mainly due to Land that has been purchased and is being held for resale. For unreserved/designated, the amount is $185,750, which is designated for Debt Service. Finally, the unreserved/undesignated fund balance is $-12,091,028, the negative amount is created by the Agency borrowing funds for various projects for both the Project Fund and the Low & moderate Housing Fund. As tax increment is received, those funds will be used to repay the debt.

Reserved/designated fund balances consist of: $258,168 for encumbrances, $10,189,151 for land held for resale, and $2,595,164 for notes receivable. Unreserved/designated fund balance consists only of $185,750 for debt service.

Capital Assets and Debt Administration

Capital Assets. The Agency did not have any capital outlay for fiscal year 2001-2002. The Agency also does not own any Capital Assets as of June 30, 2002.

Long-term debt. At the end of the current fiscal year, the Agency had total loans outstanding in the total amount of $14,256,954, as shown in Table 3. The Agency borrowed $6,000,000 for the LaBrea Gateway Project for land acquisition, and had interest expense in the amount of $711,846. The Agency made a repayment of $2,300,000 during fiscal year 2001-02 for all outstanding accrued interest, while the remaining amount went to principal.

Long-term Debt (Table 3)
(In thousands)

	Governmental Activities			
	2002	2001	Variance Over/(Under) last year	% of increase (decrease) over last year
Loans from the City				
General Fund Loan	$ 12,195.0	$ 7,654.0	$ 4,541.0	59.3%
Housing Trust Fund Loan	2,062.0	2,313.0	(251.0)	-10.9%
Accrued Interest	-	632.1	(632.1)	-100.0%
Total Long-term Debt	$ 14,257.0	$ 10,599.1	$ 3,657.9	34.5%

Contacting the Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Agency's Department of Finance, at the City of West Hollywood, 8300 Santa Monica Blvd., West Hollywood, California 90069.

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Exhibit A

WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION

STATEMENT OF NET ASSETS
JUNE 30, 2002

	Governmental Activities
Assets:	
Cash and investments (note 3)	$ 2,891,962
Receivables:	
Taxes	60,266
Notes	2,595,164
Accrued interest	30,573
Land held for resale (note 1)	10,189,151
Total Assets	15,767,116
Liabilities:	
Accounts payable	35,238
Accrued liabilities	1,753
Deposits payable	100,000
Due to other governments	235,966
Noncurrent liabilities (notes 1 and 4):	
Due in more than one year	14,256,954
Total Liabilities	14,629,911
Net assets:	
Restricted for:	
Debt service	185,750
Unrestricted	951,455
Total Net Assets	$ 1,137,205

See Notes to Financial Statements

Exhibit B

WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2002

	Expenses	Program Revenues Capital Contributions and Grants	Net (Expenses) Revenues and Changes in Net Assets
Functions/Programs			
Primary Government:			
Governmental Activities:			
General government	$ 37,082	$ -	$ (37,082)
Public services	3,165,182	3,109,197	(55,985)
Interest on long-term debt	711,846	-	(711,846)
Pass through payments	348,167	-	(348,167)
Total Governmental Activities	4,262,277	3,109,197	(1,153,080)
General Revenues:			
Taxes:			
Property taxes, levied for general purpose			1,740,835
Use of money and property			153,444
Other			7,897
Total General Revenues			1,902,176
Change in Net Assets			749,096
Net Assets at Beginning of Year			(2,961,055)
Restatement of Net Assets (note 7)			3,349,164
Net Assets at End of Year			$ 1,137,205

See Notes to Financial Statements

WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2002

	Capital Projects Funds	
	Project	Low & Moderate Housing
ASSETS		
Pooled cash and investments	$ 2,225,564	$ 305,863
Receivables:		
Taxes	-	11,369
Notes	287,115	2,308,049
Accrued interest	13,638	4,651
Land held for resale	10,189,151	-
Total Assets	$ 12,715,468	$ 2,629,932
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 35,238	$ -
Accrued liabilities	1,753	-
Advances from City	12,195,369	2,061,585
Deposits payable	100,000	-
Due to other governments	-	-
Total Liabilities	12,332,360	2,061,585
Fund Balances:		
Fund balances		
Reserved:		
Reserved for encumbrances	73,168	185,000
Reserved for land held for resale	10,189,151	-
Reserved for notes receivable	287,115	2,308,049
Unreserved:		
Designated for debt service	-	-
Undesignated	(10,166,326)	(1,924,702)
Total Fund Balances	383,108	568,347
Total Liabilities and Fund Balances	$ 12,715,468	$ 2,629,932

See Notes to Financial Statements

Exhibit C

Debt Service Fund Tax Increment	Total Governmental Funds
$ 360,535	$ 2,891,962
48,897	60,266
-	2,595,164
12,284	30,573
-	10,189,151
$ 421,716	$ 15,767,116
$ -	$ 35,238
-	1,753
-	14,256,954
-	100,000
235,966	235,966
235,966	14,629,911
-	258,168
-	10,189,151
-	2,595,164
185,750	185,750
-	(12,091,028)
185,750	1,137,205
$ 421,716	$ 15,767,116

See Notes to Financial Statements

WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
Year Ended June 30, 2002

	Capital Projects Funds	
	Project	Low & Moderate Housing
Revenues:		
Taxes	$ -	$ 348,167
Use of money and property	86,864	19,226
Other	7,897	-
Developer contribution	3,109,197	-
Total Revenues	3,203,958	367,393
Expenditures:		
Current:		
General government	5,050	6,806
Public services	3,165,182	-
Debt service:		
Interest and fiscal charges	573,066	138,780
Pass through payments	-	-
Total Expenditures	3,743,298	145,586
Excess (Deficiency) of Revenues Over Expenditures	(539,340)	221,807
Other financing sources (uses):		
Transfers in (note 5)	1,800,000	-
Transfers out (note 5)	-	-
Total Other Financing Sources (Uses)	1,800,000	-
Net Change in Fund Balances	$ 1,260,660	$ 221,807
Fund Balances, Beginning of Year, as originally reported	$ 6,257,636	$ 461,295
Restatements (note 7)	(7,135,188)	(114,755)
Fund Balances, Beginning of Year, as restated	(877,552)	346,540
Net Change in Fund Balances	1,260,660	221,807
Fund Balances, End of Year	$ 383,108	$ 568,347

See Notes to Financial Statements

Debt Service Fund Tax Increment	Total Governmental Funds
$ 1,392,668	$ 1,740,835
47,354	153,444
-	7,897
-	3,109,197
1,440,022	5,011,373
25,226	37,082
-	3,165,182
-	711,846
348,167	348,167
373,393	4,262,277
1,066,629	749,096
-	1,800,000
(1,800,000)	(1,800,000)
(1,800,000)	-
$ (733,371)	$ 749,096
$ 919,121	$ 7,638,052
-	(7,249,943)
919,121	388,109
(733,371)	749,096
$ 185,750	$ 1,137,205

See Notes to Financial Statements

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The West Hollywood Community Development Commission is a component unit of a reporting entity which consists of the following primary and component units:

Reporting Entity:

Primary Government:

City of West Hollywood

Component Units:

West Hollywood Community Development Commission
West Hollywood Housing Authority
West Hollywood Public Facilities Corporation

Discretely Presented Component Unit:

West Hollywood Marketing Corporation

Determination of a component unit is determined by such criteria as financial interdependency, selection of governing authority and designation of management, budget control and ability to significantly influence operations.

The general purpose financial statements contain only information relative to the West Hollywood Community Development Commission as one component unit which is an integral part of the total reporting entity. They do not contain financial data relating to the other reporting units.

The Agency was established on April 1, 1996, by the City Council of the City of West Hollywood with the adoption of Ordinance No. 96-461. The five members of the City Council, acting as the Community Development Commission, serve as the governing body of the Agency and exercise all rights, powers, duties and privileges of the Agency. The Mayor serves as Chairperson of the Agency. The redevelopment plan for the East Side Redevelopment Project was approved by Ordinance No. 97-494 adopted by the City Council on June 2, 1997. The project area consists of approximately 338 acres.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Agency reports the following major governmental funds:

The Project Fund accounts for the general administration activities of the Agency and the payment of costs of the projects to achieve the goals established in the Redevelopment Plan.

The Affordable Housing Fund accounts for financial resources segregated for the purposes of increasing and improving the community's supply of low and moderate income housing available at affordable housing costs pursuant to Section 33670 of the Health and Safety Code.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The Tax Increment Fund accounts for tax increment received by the Agency. Increment is received into this fund and then is transferred to the fiscal agent for the retirement of bonded indebtedness.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d. Assets, Liabilities and Net Assets or Equity

1. Investments

Investments for the Agency are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in March preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1st to June 30th. All secured personal property taxes and one-half of the taxes on real property are due November 1st; the second installment is due February 1st. All taxes are delinquent, if unpaid, on December 10th and April 10th, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31st.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the Agency is required to report general infrastructure assets. The Agency does not own any capital assets as of the date on this report.

5. Land Held for Resale

The Agency's investment in land held for resale is stated at cost. If a disposition and development agreement has been entered into specifying a lower value for the land than the difference between cost and this value has been reflected as an allowance for decline in value of land held. Fund balances are reserved in amounts equal to the carrying value of land held for resale because such assets are not available to finance current operations.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Budgetary Data

General Budget Policies

The Governing Board approves each year's budget submitted by the Executive Director prior to the beginning of the new fiscal year. The Board conducts public meetings prior to its adoption. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations when required during the period, are also approved by the Board. Intradepartmental budget changes are approved by the Executive Director. In most cases, expenditures may not exceed appropriations at the departmental level. At fiscal year-end all operating budget appropriations lapse. During the year, several supplementary appropriations were necessary.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Note 2: Stewardship, Compliance and Accountability (Continued)

b. Excess of expenditures over appropriations by department in individual funds are as follows:

Fund	Expenditures	Appropriations	Excess
Capital Projects Funds:			
Project			
Debt service - interest	$ 573,066	$ 200,000	$ 373,066
Low and Moderate Housing			
General government	6,806	4,000	2,806
Debt service - interest	138,780	50,000	88,780
Debt Service Funds:			
General Government	25,226	17,000	8,226
Pass-through payments	348,167	115,000	233,167

III. DETAIL NOTES ON FUNDS AND ACCOUNT GROUPS

Note 3: Cash and Investments

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

Pooled Cash	$ 2,891,962
Total Cash and Investments	$ 2,891,962

The Agency follows the practice of pooling cash and investments with the City of West Hollywood for all funds. Interest income earned on pooled cash and investments is allocated monthly by the City of West Hollywood to the various funds based on the month-end cash balances.

Authorized Investments

Under provision of the Agency's Investment Policy, and in accordance with Section 53601 of the California Government Code, the Agency may invest in the following types of investments:

Securities of the U.S. Government, or its agencies
Certificates of Deposit
Los Angeles County Investment Pool
Local Agency Investment Fund (State Pool) Deposits
Money Market Savings Accounts
Demand Deposits
Investment in Joint Powers Authorities

Note 3: Cash and Investments (Continued)

Pooled Cash with City of West Hollywood

Investment in the City of West Hollywood pool cannot be assigned a credit risk category because the Agency does not own specific securities. However, the City's investment policies and practices with regard to the credit and market risks have been determined acceptable to the Agency's investment policies.

Note 4: Long-Term Debt

a. A description of outstanding loans payable as of June 30 is as follows:

Loans from City

The City of West Hollywood has loaned the Agency a total of $14,256,954. The loans will be repaid from any available funds upon demand of the City. This loan bears interest at the rate of 6%. There is no fixed repayment date, the accrued but unpaid interest on this loan amounts to zero as of June 30, 2002.

b. The following is a schedule of changes in long-term debt of the Agency for the fiscal year ended June 30:

	Outstanding July 1, 2001	Additions	Deductions	Adjustments	Outstanding June 30, 2002	Due Within One Year
East Side Redevelopment						
Loans from City General Fund	$ 7,654,000	$ 6,000,000	$ 704,631	$ (754,000)	$ 12,195,369	$ -
Loans from City Housing Trust Fund	2,313,000	-	251,415	-	2,061,585	-
Accrued Interest	632,107	711,847	1,343,954	-	-	-
Total	$ 10,599,107	$ 6,711,847	$ 2,300,000	$ (754,000)	$ 14,256,954	$ -

Note 5: Interfund Transfers

Interfund transfers for the year ended June 30, 2002 are as follows:

Project Fund transfers in	$ 1,800,000
Tax Increment Fund transfers out	1,800,000

The transfers are used to move receipts restricted to debt service from the fund collecting the receipts to the Project Fund for repayment of loans payable to City recorded in the Project Fund.

Note 6: Fund Balance Reservations and Designations

a. Details of fund balance reservations by fund at June 30, 2002 are as follows:

	Project	Low and Moderate Housing
Fund Balances Reserved for:		
Encumbrance	$ 73,168	$ 185,000
Land held for resale	10,189,151	-
Notes receivables	287,115	2,308,049
Total	$ 10,549,434	$ 2,493,049

b. Details of fund balance designations by fund at June 30, 2002 are as follows:

	Low and Moderate Housing
Fund Balances Unreserved designated for:	
Debt service	$ 185,750
Total	$ 185,750

Note 7: Restatement of Net Assets/ Fund Balances

The Agency implemented GASB 34 in the prior year. As a result, the loans payable to the City of West Hollywood, which was reported in the General Long Term Debt in prior year, is now reported as Advances from City in the Capital Project Fund. This requires a restatement of Beginning Fund balances in the Governmental Fund Statement for the outstanding loan balance at June 30, 2001.

In 2001-2002, the Agency determined that one of the City loan recorded in prior year was in error, an adjustment was made to remove this loan. This adjustment required a restatement of fund balances in the government fund statement and a restatement of net assets in the government wide statement, in the amount of $754,000.

In prior years, the Agency made certain deferred loans as part of its redevelopment project. These loans were reported as receivables on the balance sheet with an offset amount of deferred revenue. In the current year, the Agency removed the deferred revenue and reported the amount with a fund balance reservation.

Note 7: Restatement of Net Assets/ Fund Balances (Continued)

The net effect of the above adjustments on fund balances/net assets are as follows:

	Capital Projects Fund	Low and Moderate Housing Fund
Fund balance restatements		
Report City loans in government funds	$ (8,176,303)	$ (2,422,804)
Remove prior City loan recorded in error	754,000	-
Remove deferred revenue previously reported	287,115	2,308,049
Total	$ (7,135,188)	$ (114,755)

	Governmental Activities
Net assets restatements	
Remove prior City loan recorded in error	$ 754,000
Remove deferred revenue previously reported	2,595,164
Total	$ 3,349,164

BUDGETARY COMPARISON SCHEDULE
PROJECT
For the Year Ended June 30, 2002

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ (877,552)	$ (877,552)	$ (877,552)	$ -
Resources (Inflows):				
Use of money and property	-	-	86,864	86,864
Other	11,070,000	11,070,000	7,897	(11,062,103)
Developer fees	-	-	3,109,197	3,109,197
Transfers from other funds	819,569	-	1,800,000	1,800,000
Amounts Available for Appropriation	11,012,017	10,192,448	4,126,406	(6,066,042)
Charges to Appropriation (Outflow):				
General government	-	8,175	5,050	3,125
Public services	-	3,312,171	3,165,182	146,989
Debt service:				
Interest and fiscal charges	-	200,000	573,066	(373,066)
Total Charges to Appropriations	-	3,520,346	3,743,298	(222,952)
Budgetary Fund Balance, June 30	$ 11,012,017	$ 6,672,102	$ 383,108	$ (6,288,994)

BUDGETARY COMPARISON SCHEDULE
LOW AND MODERATE HOUSING
For the Year Ended June 30, 2002

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 346,540	$ 346,540	$ 346,540	$ -
Resources (Inflows):				
Taxes	217,359	217,359	348,167	130,808
Use of money and property	-	-	19,226	19,226
Other	50,000	50,000	-	(50,000)
Amounts Available for Appropriation	613,899	613,899	713,933	100,034
Charges to Appropriation (Outflow):				
General government	-	4,000	6,806	(2,806)
Public services	-	185,000	-	185,000
Debt service:				
Interest and fiscal charges	-	50,000	138,780	(88,780)
Total Charges to Appropriations	-	239,000	145,586	93,414
Budgetary Fund Balance, June 30	$ 613,899	$ 374,899	$ 568,347	$ 193,448

BUDGETARY COMPARISON SCHEDULE
TAX INCREMENT
For the Year Ended June 30, 2002

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 919,121	$ 919,121	$ 919,121	$ -
Resources (Inflows):				
Taxes	652,077	652,077	1,392,668	740,591
Use of money and property	5,000	5,000	47,354	42,354
Amounts Available for Appropriation	1,576,198	1,576,198	2,359,143	782,945
Charges to Appropriation (Outflow):				
General government	-	17,000	25,226	(8,226)
Debt Service:				
Pass through payments	-	115,000	348,167	(233,167)
Transfers to other funds	-	-	1,800,000	(1,800,000)
Total Charges to Appropriations	-	132,000	2,173,393	(2,041,393)
Budgetary Fund Balance, June 30	$ 1,576,198	$ 1,444,198	$ 185,750	$ (1,258,448)

Schedule 3

WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION

COMPUTATION OF LOW AND MODERATE HOUSING EXCESS SURPLUS FUNDS AS OF JULY 1, 2001

Low and Moderate Housing Fund Balance July 1, 2001	$ 461,295
Restatements	(114,755)
Low and Moderate Housing Fund Balance July 1, 2001	346,540
Tax Increment Set-Aside Amounts	
Fiscal Year 1997-1998	-
Fiscal Year 1998-1999	30,476
Fiscal Year 1999-2000	123,697
Fiscal Year 2000-2001	268,320
Total Set-Aside Deposited	422,493
Excess Surplus	$ -

COMMISSION'S
UNAUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR 2002-03

Attached are the Commission's unaudited Statement of Revenues, Expenditures and Changes in Fund Balances and unaudited Balance Sheet for the fiscal year ended June 30, 2003. These statements show unaudited financial results only, and are subject to revisions and changes. The Commission will file its audited financial statements for fiscal year 2002-03 with its first annual report under the Continuing Disclosure Certificate, which is due by January 15, 2004.

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UNAUDITED

WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2003

	Capital Projects Funds		Debt Service Fund	Total Governmental Funds	
	Project	Low & Mod Housing	Tax Increment	2003	2002
Revenues:					
Taxes	$ -	$ 331,234	$ 1,324,936	$ 1,656,170	$ 1,577,685
Prior Year Tax Adjustments	-	(108,041)	(432,164)	(540,205)	163,150
Use of money and property	34,550	6,197	5,877	46,624	153,444
Other	2,000,000	-	-	2,000,000	7,897
Developer contribution	11,159,461	-	-	11,159,461	3,109,197
Total Revenues	13,194,011	229,390	898,649	14,322,050	5,011,373
Expenditures:					
Current:					
General government	5,260	7,662	26,013	38,936	37,082
Public safety	-	-	-	-	-
Public services	447,777	185,000	-	632,777	3,165,182
Gateway Project	22,050,552	-	-	22,050,552	-
Capital outlay	5,575	-	-	5,575	-
Debt service:				-	
Interest and fiscal charges	-	123,695	672,544	796,239	711,846
Pass through payments	-	-	223,193	223,193	348,167
Payment County for ERAF Shift	-	-	50,979	50,979	-
Total Expenditures	22,509,164	316,357	972,729	23,798,251	4,262,277
Excess (Deficiency) of Revenues Over Expenditures	(9,315,153)	(86,967)	(74,081)	(9,476,201)	749,096
Net Change in Fund Balances	$ (9,315,153)	$ (86,967)	$ (74,081)	$ (9,476,201)	$ 749,096
Fund Balances, Beginning of Year, as originally reported	$ 383,107	$ 568,348	$ 185,748	$ 1,137,203	$ 7,638,052
Restatements (note 7)	10,195,369	-	(10,195,369)	-	(7,249,943)
Fund Balances, Beginning of Year, as restated	10,578,476	568,348	(10,009,621)	1,137,203	388,109
Net Change in Fund Balances	(9,315,153)	(86,967)	(74,081)	(9,476,201)	749,096
Fund Balances, End of Year	$ 1,263,323	$ 481,381	$ (10,083,702)	$ (8,338,998)	$ 1,137,205

Prepared by the Department of Finance
City of West Hollywood

UNAUDITED

WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION

BALANCE SHEET
GOVERNMENT FUNDS
June 30, 2003

	Capital Projects Funds		Debt Service Fund	Total Governmental Funds	
	Project	Low & Mod Housing	Tax Increment	2003	2002
ASSETS					
Pooled cash and investments	$ 945,303	$ 333,472	$ 849,424	$ 2,128,199	$ 2,891,962
Receivables:					
Taxes	-	23,639	84,345	107,984	60,266
Notes	287,115	2,308,049	-	2,595,164	2,595,164
Accrued interest	10,000	1,500	1,500	13,000	30,573
Land held for resale	1,340,000	-	-	1,340,000	10,189,151
Total Assets	$ 2,582,418	$ 2,666,661	$ 935,268	$ 6,184,347	$ 15,767,116
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 15,444	$ -	$ -	$ 15,444	$ 35,238
Accrued liabilities	3,651	-	-	3,651	1,753
Advances from City	-	2,061,585	10,195,369	12,256,954	14,256,954
Long-Term Interest Payable	-	123,695	672,544	796,239	-
Deposits payable	-	-	-	-	100,000
Due to other governments	1,300,000	-	151,057	1,451,057	235,966
Total Liabilities	1,319,095	2,185,280	11,018,970	14,523,345	14,629,911
Fund Balances:					
Reserved:					
Reserved for encumbrances	31,035	-	-	31,035	258,168
Reserved for land held for resale	1,340,000	-	-	1,340,000	10,189,151
Reserved for notes receivable	287,115	2,308,049	-	2,595,164	2,595,164
Unreserved:					
Designated for debt service	-	-	-	-	185,750
Undesignated	(394,827)	(1,826,668)	(10,083,702)	(12,305,197)	(12,091,028)
Total Fund Balances	1,263,323	481,381	(10,083,702)	(8,338,998)	1,137,205
Total Liabilities and Fund Balances	$ 2,582,418	$ 2,666,661	$ 935,268	$ 6,184,347	$ 15,767,116

Prepared by Department of Finance
City of West Hollywood

APPENDIX D

FORM OF FINAL OPINION OF BOND COUNSEL

September 18, 2003

West Hollywood Community Development Commission
8300 Santa Monica Boulevard
West Hollywood, California 90069

OPINION: $11,500,000 West Hollywood Community Development Commission East Side Redevelopment Project 2003 Tax Allocation Bonds

Members of the Agency:

We have acted as bond counsel in connection with the issuance by the West Hollywood Community Development Commission (the "Agency") of $11,500,000 West Hollywood Community Development Commission, East Side Redevelopment Project 2003 Tax Allocation Bonds, (the "Bonds"), pursuant to the Community Redevelopment Law, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law"), and an Indenture of Trust, dated as of September 1, 2003 (the "Indenture"), by and between the Agency and BNY Western Trust Company, as trustee. We have examined the Law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Agency is duly created and validly existing as a public body, corporate and politic, under the laws of the State of California, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.

2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.

3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds on a parity with other obligations (if any) issued or to be issued under the Indenture, subject to no prior lien granted under the Law.

4. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the sources provided therefor in the Indenture.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

$11,500,000
WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION
East Side Redevelopment Project
2003 Tax Allocation Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the West Hollywood Community Development Commission (the "Commission") in connection with the issuance by the Commission of the bonds captioned above (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2003 (the "Indenture"), between the Commission and BNY Western Trust Company (the "Trustee"). The Commission hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Commission for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"Dissemination Agent" means BNY Western Trust Company, or any successor Dissemination Agent designated in writing by the Commission and which has filed with the Commission a written acceptance of such designation.

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

"National Repository" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Information on the National Repositories as of a particular date is available on the Internet at www.sec.gov.

"Official Statement" means the final Official Statement relating to the Bonds.

"Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering the Bonds.

"Report Date" means six and one-half months after the end of the Commission's fiscal year (which currently would be January 15 based upon the Commission's current June 30 fiscal year).

"Repository" means each National Repository and each State Repository.

"Rule" means 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" means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than the Report Date, commencing January 15, 2004 with the report for the 2002-03 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Report Date, the Commission shall provide the Annual Report to the Dissemination Agent (if other than the Commission). The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that the Annual Report is being provided pursuant to this Disclosure Certificate. The Dissemination Agent may conclusively rely upon such certification of the Agency and shall have no duty or obligation to review such Annual Report. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Commission may be submitted separately from the balance of the Annual Report, and later than the Report Date if not available by the Report Date. If the Commission's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Commission is unable to provide to the Repositories an Annual Report by the Report Date, the Commission shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Report Date the name and address of each National Repository and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the Commission, file a report with the Commission certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The Commission's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the Commission prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Commission for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement for the Bonds, as follows:

(i) A summary of Commission indebtedness payable from tax increment generated with respect to the East Side Project Area, including the amount outstanding as of June 30 of the preceding fiscal year.

(ii) A designation of assessed valuations in the East Side Project Area for the preceding fiscal year by land use category in substantially the form of Table 1, entitled "East Side Project Area Property Summary."

(iii) A statement of largest property tax payers in the East Side Project Area for the preceding fiscal year in substantially the form of Table 2, entitled "East Side Project Area Top Ten Property Taxpayers."

(iv) A summary of assessed values and Tax Revenues in substantially the form of Table 3, entitled "Historical Taxable Values and Tax Increment Revenues," but only for the most recently completed fiscal year.

(v) A statement of debt service coverage on the Bonds for the most recent fiscal year in substantially the form of Table 9, entitled "Projected Tax Revenues and Estimated Debt Service Coverage."

(vi) A summary of settled assessment appeals for the preceding fiscal year in substantially the form of Table 5, entitled "Settled Assessment Appeals."

(vii) A summary of pending assessment appeals for the preceding fiscal year in substantially the form of Table 6, entitled "Pending Assessment Appeals Impact Projection."

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 Commission 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 Commission shall clearly identify each such other document so included by reference.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Commission 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 Commission 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 Commission shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Principal and interest payment delinquencies.
(2) Non-payment related defaults.
(3) Unscheduled draws on debt service reserves reflecting financial difficulties.
(4) Unscheduled draws on credit enhancements reflecting financial difficulties.
(5) Substitution of credit or liquidity providers, or their failure to perform.
(6) Adverse tax opinions or events affecting the tax-exempt status of the security.
(7) Modifications to rights of security holders.
(8) Contingent or unscheduled bond calls.
(9) Defeasances.
(10) Release, substitution, or sale of property securing repayment of the securities.
(11) Rating changes.

(b) Whenever the Commission obtains knowledge of the occurrence of a Listed Event, the Commission shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Commission determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Commission shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The Commission'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 Commission shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. (a) The Commission may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be BNY Western Trust Company.

(b) The Dissemination Agent shall be paid compensation by the Commission for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent may resign by providing 30 days' written notice to the Commission. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Commission and shall not be deemed to be acting in any fiduciary capacity for the Commission, the Bondholders, or any other party.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Commission may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided however, no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of the Dissemination Agent):

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Commission to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Commission 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 Commission 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 Commission 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 Commission to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission 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 Commission to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Article VI of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Commission agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act. The obligations of the Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Counterparts. This Disclosure Certificate may be executed in counterparts, each of which shall constitute an original signature page thereof.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Commission, the Dissemination Agent, any Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: September 30, 2003

WEST HOLLYWOOD COMMUNITY
DEVELOPMENT COMMISSION

By: _____

ACKNOWLEDGED AND CONSENTED
TO:

_____
BNY WESTERN TRUST COMPANY, as
Dissemination Agent

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: West Hollywood Community Development Commission

Name of Bond Issue: West Hollywood Community Development Commission East Side Redevelopment Project 2003 Tax Allocation Bonds

Date of Issuance: September 30, 2003

NOTICE IS HEREBY GIVEN that the West Hollywood Community Development Commission (the "Commission") has not provided an Annual Report with respect to the above-named Bonds as required by that certain Indenture of Trust, dated as of September 1, 2003 between the Agency and BNY Western Trust Company, as trustee. The Commission anticipates that the Annual Report will be filed by_____.

Dated:_____

WEST HOLLYWOOD COMMUNITY
DEVELOPMENT COMMISSION

By_____

cc: Trustee

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, the issuer of the Bonds (the "Issuer") makes no representations concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC", "GSCC", "MBSCC", and "EMCC", also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or

indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Payments of principal of, premium, if any, and interest evidenced by the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's

receipt of funds and corresponding detail information from the Issuer or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Discontinuance of DTC Services. In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Issuer determines that DTC will no longer so act and delivers a written certificate to the Trustee to that effect, then the Issuer will discontinue the Book-Entry Only System with DTC for the Bonds. If the Issuer determines to replace DTC with another qualified securities depository, the Issuer will prepare or direct the preparation of a new single separate, fully registered Bond for each maturity of the Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Indenture. If the Issuer fails to identify another qualified securities depository to replace the incumbent securities depository for the Bonds, then the Bonds will no longer be restricted to being registered in the Bond registration books in the name of the incumbent securities depository or its nominee, but will be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Bonds designates.

If the Book-Entry Only System is discontinued, the following provisions would also apply: (i) the Bonds will be made available in physical form, (ii) principal of, and redemption premiums, if any, on, the Bonds will be payable upon surrender thereof at the corporate trust office of the Trustee in San Francisco, California, (iii) interest on the Bonds will be payable by check mailed by first-class mail or, upon the written request of any Owner of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee on or prior to the 15th day of the calendar month immediately preceding the interest payment date, by wire transfer in immediately available funds to an account with a financial institution within the continental United States of America designated by such Owner, and (iv) the Bonds will be transferable and exchangeable as provided in the Indenture.

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NEW ISSUE - BOOK-ENTRY ONLY **RATING:**
S&P: "BBB"
(See "Rating")

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

$30,560,000
West Hollywood Community Development Commission
East Side Redevelopment Project
2011 Tax Allocation Bonds, Series A
(Tax-Exempt, Non-Housing)

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

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Authority for Issuance. The West Hollywood Community Development Commission (the "Commission") is issuing the bonds captioned above (the "2011A Bonds") under an Indenture of Trust, dated as of September 1, 2003, by and between the Commission and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as successor to BNY Western Trust Company, as supplemented by a First Supplement to Indenture of Trust dated as of March 1, 2011 (collectively, the "Indenture"), by and between the Commission and the Trustee.

Purposes. The 2011A Bonds are being issued to (i) finance additional redevelopment activities with respect to the Commission's East Side Project Area, in the City of West Hollywood (the "City"), (ii) increase the amount on deposit in the debt service reserve fund for the 2011A Bonds and certain parity bonds, and (iii) pay the costs of issuance of the 2011A Bonds. See "PLAN OF FINANCE."

Security. The 2011A Bonds are limited obligations of the Commission secured by a pledge of, security interest in, and lien on all of the "Tax Revenues" and a pledge of and lien upon all of the moneys in certain funds and accounts established under the Indenture. Except for the Tax Revenues and such moneys, no funds or properties of the Commission are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2011A Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS."

Outstanding Parity Bonds. The pledge of Tax Revenues securing the 2011A Bonds is on a parity with an outstanding series of tax allocation bonds issued by the Commission in 2003, and with a series of tax allocation bonds to be issued concurrently with the 2011A Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS - Outstanding Parity Debt."

Book-Entry Form. The 2011A Bonds will be issued in book-entry form, initially registered in the name of Cede & Co. as nominee of the Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the 2011A Bonds. Individual purchases of the 2011A Bonds will be in book-entry form only, and in principal amounts of $5,000 or any integral multiple thereof. Purchasers will not receive physical certificates representing their interests in the 2011A Bonds. Principal of, interest on and redemption premium, if any, on the 2011A Bonds will be paid by the Trustee directly to DTC, which in turn is obligated to remit such principal, interest and redemption premium, if any, to DTC Participants for subsequent disbursement to the Beneficial Owners of the 2011A Bonds. See APPENDIX G–"DTC and the Book–Entry Only System."

Interest and Principal. Interest on the 2011A Bonds will be payable on each March 1 and September 1 of each year, commencing September 1, 2011 at the respective rates set forth on the inside cover page. Principal of the 2011A Bonds is payable on the dates and in the respective principal amounts set forth on the inside cover page.

Redemption. The 2011A Bonds are subject to optional and mandatory sinking account redemption before maturity. See "THE 2011A BONDS–Redemption Provisions."

Risk Factors. For a discussion of some of the risks associated with the purchase of the 2011A Bonds, see "RISK FACTORS."

NEITHER THE 2011A BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) AND NEITHER THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) ARE LIABLE FOR THE 2011A BONDS. THE 2011A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE CITY NOR THE COMMISSION NOR ANY PERSONS EXECUTING THE 2011A BONDS ARE LIABLE PERSONALLY ON THE 2011A BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

The 2011A Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the Commission by Jones Hall, A Professional Law Corporation, as disclosure counsel to the Commission, and by the City Attorney of the City of West Hollywood in his capacity as Agency Counsel. Certain legal matters will be passed upon for the Underwriter by Fulbright & Jaworski L.L.P., Los Angeles, California. It is anticipated that the 2011A Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about March 7, 2011.

STONE & YOUNGBERG

Dated: March 2, 2011

MATURITY SCHEDULE

Base CUSIP†: 953322

$4,625,000 Serial Bonds

Maturity	Principal Amount	Interest Rate	Price or Yield	CUSIP No.†
9/1/11	$1,440,000	2.000%	100.000%	AY0
9/1/12	290,000	2.000	2.500	AZ7
9/1/13	265,000	3.250	3.500	BA1
9/1/14	275,000	4.000	4.250	BB9
9/1/15	285,000	5.000	100.000	BC7
9/1/16	305,000	5.000	5.250	BD5
9/1/17	320,000	5.250	5.500	BE3
9/1/18	330,000	5.500	5.750	BF0
9/1/19	350,000	6.000	100.000	BG8
9/1/20	370,000	6.000	6.250	BH6
9/1/21	395,000	6.250	6.500	BJ2

$2,415,000 7.000% Term Bonds due September 1, 2026, Priced to Yield 7.120% CUSIP† BK9

$3,400,000 7.250% Term Bonds due September 1, 2031, Priced to Yield 7.350% CUSIP† BL7

$20,120,000 7.500% Term Bonds due September 1, 2042, Priced to Yield 7.600% CUSIP† BM5

† Copyright 2011, American Bankers Association. CUSIP numbers herein are provided by Standard & Poor's CUSIP Service Bureau, a Division of the McGraw-Hill Companies, Inc., and are set forth herein for the convenience of reference only. The Commission, Bond Counsel, Disclosure Counsel and the Underwriter do not assume responsibility for the accuracy of such numbers.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Purpose. This Official Statement is submitted in connection with the sale of the 2011A Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

No Offering May Be Made Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Commission to give any information or to make any representations other than those contained in this Official Statement. If any other information or representations are given or made, such other information or representations must not be relied upon as having been authorized by the Commission.

No Unlawful Offers to Sell or Solicitations of Offers to Buy. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such an offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or an offer or solicitation to any person to whom it is unlawful to make such an offer or solicitation.

Not a Contract. This Official Statement is not to be construed as a contract with the purchasers of the 2011A Bonds.

Estimates and Forecasts. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described, are intended solely as such and are not to be construed as representations of facts.

Internet Addresses. Any Internet addresses included in the Official Statement are included for reference only, and the information on any such Internet sites is not a part of this Official Statement or incorporated by reference into this Official Statement. The City maintains a website that includes information about the Commission. The information on the City's website is not a part of this Official Statement and it is not incorporated by reference into this Official Statement.

Preparation of this Document. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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.

No Updates Will Be Provided. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2011A Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Commission or any other parties described in this Official Statement since the date of this Official Statement.

Document Summaries. All summaries of the Indenture, other documents and certain California statutes are made subject to the provisions of those documents and statutes, respectively, and do not purport to be complete statements of those documents and statutes. Copies of the documents summarized in this Official Statement are on file with the Commission.

No Registration with the SEC. The issuance and sale of the 2011A Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Stabilization of Bond Market Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the 2011A Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue market stabilization at any time. The Underwriter may offer and sell the 2011A Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Estimates and Projections. 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," "expect," "estimate," "project," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause 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. The Commission does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

CITY OF WEST HOLLYWOOD
WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION

CITY COUNCIL AND COMMISSION MEMBERS

John Heilman,
Mayor and Commission Chair

John J. Duran,
Mayor Pro Tempore and Commission Vice Chair

Lindsey Horvath,
City Council and Commission Member

Abbe Land,
City Council and Commission Member

Jeffrey Prang,
City Council and Commission Member

CITY AND COMMISSION STAFF

Paul Arevalo
City Manager and Executive Director of the Commission

Anil H. Gandhy
City Finance Director and Treasurer of the Commission

Michael Jenkins
City Attorney and Counsel to the Commission

Thomas R. West
City Clerk and Secretary of the Commission

Allyne Winderman,
City Housing Director and Deputy Executive Director of the Commission

SPECIAL SERVICES

Jones Hall, A Professional Law Corporation
San Francisco, California
Bond Counsel and Disclosure Counsel

RR Brown & Co. LLP
Denver, Colorado
Financial Advisor

HdL Coren & Cone
Diamond Bar, California
Fiscal Consultant

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California
Trustee

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REGIONAL MAP

OFFICIAL STATEMENT

$30,560,000
West Hollywood Community Development Commission
East Side Redevelopment Project
2011 Tax Allocation Bonds, Series A
(Tax-Exempt, Non-Housing)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the bonds captioned above (the "2011A Bonds"), and a full review should be made of the entire Official Statement including the cover page, the table of contents and the appendices for a more complete description of the terms of the 2011A Bonds. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of provisions of, any other documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions of such documents.

Authority for Issuance

The West Hollywood Community Development Commission (the "Commission") is issuing the 2011A Bonds under the Community Redevelopment Law (constituting Part 1 of Division 24 of the Health and Safety Code of the State of California) (the "Redevelopment Law"), a resolution of the Commission adopted on February 22, 2011 (the "Resolution"), and an Indenture of Trust, dated as of September 1, 2003, by and between the Commission and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as successor to BNY Western Trust Company, as supplemented by a First Supplement to Indenture of Trust dated as of March 1, 2011 (collectively, the "Indenture"), by and between the Commission and the Trustee.

The Commission

The City activated the Commission in 1997 under the Redevelopment Law. The five members of the City Council also serve as members of the Commission and exercise all rights, powers, duties and privileges of the Commission. See "THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION."

The Commission adopted a redevelopment plan (the "East Side Redevelopment Plan") for the East Side Project Area in 1997. The East Side Project Area consists of approximately 338 acres or approximately 28% of the area of the City. See "THE EAST SIDE PROJECT AREA" and "HISTORICAL AND ESTIMATED TAX REVENUES."

The City

The City is located in the County of Los Angeles (the "County"). The City was incorporated in 1984 and operates as a general law city. The City has a Council-Manager form of government. Five council members, including a mayor, are elected at large. For certain information with respect to the City, see APPENDIX A.

Purposes

The 2011A Bonds are being issued to (i) finance additional redevelopment activities with respect to the Commission's East Side Project Area in the City of West Hollywood (the "City"), (ii) increase the amount on deposit in the debt service reserve fund for the Bonds, and (iii) pay the costs of issuance of the 2011A Bonds. See "PLAN OF FINANCE."

Security for the 2011A Bonds

The 2011A Bonds are limited obligations of the Commission secured by a first pledge of, security interest in, and lien on all of the "Tax Revenues," which is generally defined in the Indenture as that portion of taxes levied upon assessable property within the East Side Project Area allocated to the Commission under the Redevelopment Law, with certain exceptions described in this Official Statement. The 2011A Bonds are also secured by a pledge of and lien upon all of the moneys in the Special Fund and the Debt Service Fund established under the Indenture.

See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS."

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a designated redevelopment project area. A redevelopment agency establishes the taxable valuation of a project area as last equalized before the adoption of the redevelopment plan, or base roll (the "Base Year Valuation"). Subsequently, the taxing agencies receive the taxes produced by the levy of the then-current tax rate upon the Base Year Valuation (except for any period during which the taxable valuation drops below the Base Year Valuation).

Taxes collected upon any increase in taxable valuation over the Base Year are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Twenty percent of taxes allocated to a redevelopment agency are set aside in a separate fund to develop and maintain low- and moderate-income housing in the City; these taxes are referred to as "Housing Set-Aside" in this Official Statement. Redevelopment agencies themselves have no taxing power.

Outstanding Parity Bonds

The pledge of Tax Revenues securing the 2011A Bonds is on a parity with the pledge thereof securing the following tax allocation bonds issued under the Indenture:

- West Hollywood Community Development Commission East Side Redevelopment Project Tax Allocation Bonds, 2003 Tax Allocation Bonds (the "2003 Bonds"), which were issued in the original principal amount of $11,500,000. Because

30.43% of the proceeds of the 2003 Bonds was used to finance low- and moderate-income housing projects in the City, 30.43% of the debt service on the 2003 Bonds is payable from Housing Set-Aside. The remaining debt service on the 2003 Bonds is payable from the tax increment that the Commission is not required to deposit into its Low and Moderate Income Housing Fund ("Non-Housing Tax Revenues").

- West Hollywood Community Development Commission East Side Redevelopment Project 2011 Tax Allocation Bonds, Series B (Federally Taxable, Housing) (the "2011B Bonds"), which the Commission intends to issue concurrently with the 2011A Bonds in the principal amount of $9,420,000. Because 100% of the proceeds of the 2011B Bonds will be used to finance low- and moderate-income housing projects in the City, 100% of the debt service on the 2011B Bonds is payable from Housing Set-Aside. The Commission intends to pay 100% of the debt service on the 2011B Bonds with Housing Set-Aside.

The 2011A Bonds, the 2011B Bonds and the 2003 Bonds are referred to collectively in this Official Statement as the "Bonds."

Because none of the proceeds of the 2011A Bonds will be used to finance low- and moderate-income housing projects in the City, none of the debt service on the 2011A Bonds is payable from Housing Set-Aside; debt service on the 2011A Bonds is payable solely from Non-Housing Tax Revenues.

See "DEBT SERVICE SCHEDULE," "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS–Outstanding Parity Bonds" and "HISTORICAL AND ESTIMATED TAX REVENUES."

Debt Service Reserve Account

Under the Indenture, the Trustee has previously established the Reserve Account for the Bonds, which is to be maintained in an amount equal to the Reserve Requirement (as defined herein) for the Bonds. The Reserve Account was originally established in connection with the issuance of the 2003 Bonds. On the Closing Date, the Trustee will deposit a portion of the proceeds of the 2011A Bonds equal to $2,457,874.76 into the Reserve Account, which, along with a deposit of a portion of the proceeds of the 2011B Bonds, will bring the amount on deposit therein to the Reserve Requirement. See "PLAN OF FINANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS–Reserve Account."

Limited Obligation

NEITHER THE 2011A BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) AND NEITHER THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) ARE LIABLE FOR THE 2011A BONDS. THE 2011A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE CITY NOR THE COMMISSION NOR ANY PERSONS EXECUTING THE 2011A BONDS ARE LIABLE PERSONALLY ON THE 2011A BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

Additional Information

Definitions of certain terms used in this Official Statement are set forth in "APPENDIX D - SUMMARY OF INDENTURE - Definitions." This Official Statement contains brief descriptions of, among other things, the 2011A Bonds, the Indenture, the Commission and the East Side Project Area. These descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by reference to those documents, and references to the 2011A Bonds are qualified in their entirety by reference to the form of bond included in the Indenture.

Copies of the Indenture and other documents described in this Official Statement may be obtained from the Trustee.

Changes Since Preliminary Official Statement

In addition to pricing-related information, this Official Statement contains the following changes from the Preliminary Official Statement dated February 23, 2011, as supplemented as of February 25, 2011:

- an expanded description of the improvements anticipated to be financed with the proceeds of the 2011A Bonds (see "PLAN OF FINANCE – Purposes"),

- a revised and updated description of the draft legislation to eliminate redevelopment agencies and restrict redevelopment activities (see "RISK FACTORS – Impact of State Budgets"), and

- the Commission has agreed in the Indenture that it will not satisfy the Reserve Requirement for the Reserve Account by any means other than a cash deposit.

PLAN OF FINANCE

Purposes

The Commission will use the proceeds of the 2011A Bonds to finance additional redevelopment activities within the East Side Project Area, including the implementation of the first phase of the Plummer Park Master Plan, which is one component of the 25th Anniversary Capital Project approved by the City Council.

Phase I of the Plummer Park Master Plan currently includes renovation and expansion of Fiesta Hall into a quality multi-purpose performance venue for the community; enhancement and creation of new green space throughout Plummer Park; creation of a central park promenade; establishing a quiet formal garden; creation of an interactive water feature; construction of a new Tiny Tot Program building to replace an outdated modular building; new play equipment; and relocation of the existing basketball court; and construction of a subterranean parking structure.

These projects are included in the Five-Year Implementation Plan for the East Side Redevelopment Project Area adopted by the Commission on December 17, 2007, and in the Implementation Plan Update adopted by the Commission on August 16, 2010. The City Council approved the project, and certified a final Environmental Impact Report for the project, in May 2010. The design development phase is currently underway, and under the current construction schedule, the Commission anticipates that construction bids will be solicited in September 2011, a construction contract will be awarded in December 2011, construction will start in January 2012, and the project will be completed in August 2013.

Proceeds of the 2011A Bonds will also be used to fund a reserve fund for the Bonds and to pay certain costs of issuing the 2011A Bonds.

None of the projects financed with proceeds of the 2011A Bonds are security for the 2011A Bonds.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2011A Bonds are as follows:

Sources:	
Principal Amount	$30,560,000.00
Less Original Issue Discount	(335,548.25)
Total Sources	**$30,224,451.75**
Uses:	
Redevelopment Fund [1]	$27,202,242.81
Reserve Account [2]	2,457,874.76
Underwriter's Discount	323,936.00
Costs of Issuance [3]	240,398.18
Total Uses	**$30,224,451.75**

[1] To be used to finance additional redevelopment activities in the East Side Project Area.

[2] Represents the amount needed to bring the amount in the Reserve Account to the Reserve Requirement following the issuance of the 2011A Bonds. Concurrently with issuance of the 2011A Bonds, the Commission will issue the 2011B Bonds and deposit a portion of the proceeds of the 2011B Bonds into the Reserve Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS - Reserve Account."

[3] Includes the fees and expenses of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Trustee, and the Fiscal Consultant, printing costs, rating agency fees and other costs related to the issuance of the 2011A Bonds.

THE 2011A BONDS

This section provides summaries of the terms of the 2011A Bonds and certain provisions of the Indenture. See APPENDIX D for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX D.

Description

General. The 2011A Bonds will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on March 1 and September 1 (each, an "Interest Payment Date"), commencing September 1, 2011, and will mature on the dates and in the amounts set forth on the inside cover page hereof.

The 2011A Bonds will be issued in denominations of $5,000 or any integral multiple thereof.

Fully Registered Form. The 2011A Bonds will be issued only as one fully registered 2011A Bond for each series and maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. See APPENDIX G–"DTC and the Book-Entry Only System." Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Indenture.

Calculation of Interest. Each 2011A Bond will be dated the Closing Date, and will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication; (b) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (c) a Bond is authenticated on or before August 15, 2011, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any 2011A Bond, interest thereon is in default, such 2011A Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The 2011A Bonds shall mature and shall bear interest calculated on the basis of a 360-day year of twelve 30-day months.

Payment of Interest and Principal. Interest on the 2011A Bonds will be payable semiannually on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed on the applicable Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books as of such Record Date; provided however, that payment of interest may be by wire transfer to any registered owner of Bonds in the aggregate principal amount of $1,000,000 or more who furnish written wire instructions to the Trustee before the applicable Record Date.

Principal of and redemption premium (if any) on any Bond will be paid upon presentation and surrender thereof, at maturity or redemption, at the Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the 2011A Bonds will be payable in lawful money of the United States of America.

While the 2011A Bonds are held in the book-entry only system of DTC, all such payments will be made to Cede & Co., as the registered Owner of the 2011A Bonds. See APPENDIX G.

Redemption Provisions

Optional Redemption. The 2011A Bonds maturing on or before September 1, 2021, are not subject to redemption prior to their respective stated maturities.

The 2011A Bonds maturing on or after September 1, 2022, are subject to redemption in whole, or in part among maturities as determined by the Commission and by lot within a maturity, on any date commencing September 1, 2021, at the option of the Commission from any available source of funds, at a redemption price equal to the principal amount of the 2011A Bonds to be redeemed, together with accrued interest to the redemption date, without premium.

***Mandatory Sinking Account Redemption*.** The 2011A Bonds maturing September 1, 2026, September 1, 2031 and September 1, 2042 (the "Term 2011A Bonds"), are also subject to mandatory redemption in part by lot on September 1, 2022, September 1, 2027 and September 1, 2032, respectively, as set forth in the following tables, from Sinking Account payments made by the Commission under the Indenture at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof will be purchased in whole or in part, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables.

However, if some but not all of the Term 2011A Bonds of a maturity have been redeemed through optional redemption, the total amount of all applicable future Sinking Account payments will be reduced by the aggregate principal amount of Term 2011A Bonds so redeemed, to be allocated among such Sinking Account payment in integral multiples of $5,000 as determined by the Commission.

Term 2011A Bonds Maturing September 1, 2026

Sinking Account Redemption Date (September 1)	Principal Amount To Be Redeemed or Purchased
2022	$420,000
2023	450,000
2024	480,000
2025	515,000
2026 (maturity)	550,000

Term 2011A Bonds Maturing September 1, 2031

Sinking Account Redemption Date (September 1)	Principal Amount To Be Redeemed or Purchased
2027	$590,000
2028	630,000
2029	675,000
2030	725,000
2031 (maturity)	780,000

Term 2011A Bonds Maturing September 1, 2042

Sinking Account Redemption Date (September 1)	Principal Amount To Be Redeemed or Purchased
2032	$835,000
2033	900,000
2034	1,510,000
2035	1,625,000
2036	1,735,000
2037	1,865,000
2038	2,005,000
2039	2,155,000
2040	2,320,000
2041	2,490,000
2042 (maturity)	2,680,000

Purchase in Lieu of Redemption. In lieu of mandatory sinking account redemption of Term 2011A Bonds, amounts on deposit in the Special Fund as Sinking Account payments may also be used and withdrawn by the Commission for the purchase of the Term 2011A Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Commission may in its discretion determine.

The par amount of any of the Term 2011A Bonds so purchased by the Commission and surrendered to the Trustee for cancellation in any twelve-month period ending on July 1 in any year will be credited towards and will reduce the par amount of the Term 2011A Bonds otherwise required to be redeemed on the following September 1 of such year through mandatory sinking account redemption.

Notice of Redemption. The Trustee on behalf and at the expense of the Commission will mail (by first class mail, postage prepaid) notice of any redemption at least 30 but not more than 60 days prior to the redemption date, to (i) the Owners of any 2011A Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Written Request of the Commission filed with the Trustee; but such mailing is not a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such 2011A Bonds or the cessation of the accrual of interest thereon.

Rescission of Redemption. The Commission will have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption will be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2011A Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The Commission and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption.

***Selection of 2011A Bonds for Redemption*.** Whenever any 2011A Bonds or portions thereof are to be selected for redemption by lot, the Trustee will make such selection, in such manner as the Trustee deems appropriate. In the event of redemption by lot of 2011A Bonds, the Trustee will assign to each 2011A Bond then Outstanding a distinctive number for each $5,000 of the principal amount of each such 2011A Bond. The 2011A Bonds to be redeemed will be the 2011A Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such 2011A Bond of a denomination of more than $5,000 will be redeemed as equals $5,000 for each number assigned to it and so selected.

Partial Redemption. If only a portion of any 2011A Bond is called for redemption, then upon surrender of such 2011A Bond the Commission will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Commission, a new 2011A Bond or 2011A Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2011A Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the 2011A Bonds so called for redemption are duly deposited with the Trustee, such 2011A Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest will accrue thereon from and after the redemption date specified in such notice.

DEBT SERVICE SCHEDULE

Set forth below is the annualized debt service schedule for the 2011A Bonds.

Year Ending Sept. 1	2011A Bonds Interest*	2011A Bonds Principal	2011A Bonds Total*
2011	$1,020,365	$1,440,000	$2,460,365
2012	2,082,300	290,000	2,372,300
2013	2,076,500	265,000	2,341,500
2014	2,067,887	275,000	2,342,887
2015	2,056,887	285,000	2,341,887
2016	2,042,637	305,000	2,347,637
2017	2,027,387	320,000	2,347,387
2018	2,010,587	330,000	2,340,587
2019	1,992,437	350,000	2,342,437
2020	1,971,437	370,000	2,341,437
2021	1,949,237	395,000	2,344,237
2022	1,924,550	420,000	2,344,550
2023	1,895,150	450,000	2,345,150
2024	1,863,650	480,000	2,343,650
2025	1,830,050	515,000	2,345,050
2026	1,794,000	550,000	2,344,000
2027	1,755,500	590,000	2,345,500
2028	1,712,725	630,000	2,342,725
2029	1,667,050	675,000	2,342,050
2030	1,618,112	725,000	2,343,112
2031	1,565,550	780,000	2,345,550
2032	1,509,000	835,000	2,344,000
2033	1,446,375	900,000	2,346,375
2034	1,378,875	1,510,000	2,888,875
2035	1,265,625	1,625,000	2,890,625
2036	1,143,750	1,735,000	2,878,750
2037	1,013,625	1,865,000	2,878,625
2038	873,750	2,005,000	2,878,750
2039	723,375	2,155,000	2,878,375
2040	561,750	2,320,000	2,881,750
2041	387,750	2,490,000	2,877,750
2042	201,000	2,680,000	2,881,000
Total:	**$49,428,877**	**$30,560,000**	**$79,988,877**

* Rounded.

SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS

This section provides summaries of the security for the 2011A Bonds and certain provisions of the Indenture. See APPENDIX D for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX D.

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected by a redevelopment agency within a redevelopment project area.

The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then-current tax rate upon the base roll.

Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project.

Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as above indicated.

Allocation of Taxes

Allocation of Taxes Under the Redevelopment Law. As provided in the East Side Redevelopment Plan, and under Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the East Side Project Area each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies"), for fiscal years beginning after the effective date of the East Side Redevelopment Plan, will be divided as follows:

1. *To Taxing Agencies:* The 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 Taxing Agencies upon the total sum of the assessed value of the taxable property in the East Side Project Area as shown upon the assessment roll used in connection with the taxation of such property by such Taxing Agency last equalized before the establishment of the East Side Project Area will be allocated to, and when collected will be paid into the funds of, the respective Taxing Agencies as taxes by or for those Taxing Agencies.

2. *To the Commission:* The portion of such levied taxes each year in excess of such amount will be allocated to, and when collected will be paid into a special fund of, the Commission to the extent necessary to pay indebtedness of the Commission, including but not limited to its obligation to pay the principal of, prepayment premium (if any) and interest on the Bonds and to replenish the Reserve Fund established for the Bonds.

Possible Limitations on Tax Revenues. The Commission has no power to levy and collect property taxes. The amount of Tax Revenues that would otherwise be available to pay the Commission's obligations, and thus the amount of Revenues available to pay the principal of, premium (if any) and interest on the Bonds, could be reduced by (a) any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to

Taxing Agencies that have the effect of reducing the property tax rate, (b) broadened property tax exemptions, and (c) amounts payable under the Tax Sharing Agreement or any further tax sharing agreements or arrangements entered into by the Commission. See "BOND OWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES."

Pledge of Tax Revenues

Pledge of Tax Revenues and Amounts Held Under Indenture. The 2011A Bonds are limited obligations of the Commission secured by a pledge of, security interest in, and lien on all of the "Tax Revenues" and a pledge of and lien upon all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account established under the Indenture.

This pledge securing the 2011A Bonds is on a parity with the pledge of Tax Revenues securing the 2003 Bonds, the 2011B Bonds, and any additional Parity Debt issued in the future. See "- Outstanding Parity Bonds" and "- Parity Debt and Subordinate Debt" below.

Tax Revenues. "Tax Revenues" are defined in the Indenture as moneys allocated within the Plan Limitations and paid to the Commission derived from:

(a) that portion of taxes levied upon assessable property within the East Side Project Area allocated to the Commission pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, and

(b) reimbursements, subventions (but excluding payments to the Commission with respect to personal property within the East Side Project Area pursuant to Sections 16110, et seq., of the California Government Code) or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and

(c) that portion of such taxes otherwise required by Section 33334.3 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds and any Parity Debt (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Redevelopment Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the East Side Project Area.

However, "Tax Revenues" exclude (i) all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Commission pursuant to Section 33334.3 of the Redevelopment Law, (ii) amounts payable by the Commission pursuant to the Owner Participation Agreement (see "LIMITATIONS ON TAX REVENUES – Owner Participation Agreement") and (iii) amounts payable by the Commission pursuant to Section 33607.5 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds and any Parity Debt, as applicable.

Limited Obligation of the Commission. Except for the Tax Revenues and such moneys on deposit from time to time under the Indenture, no funds or properties of the Commission are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2011A Bonds.

NEITHER THE 2011A BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) AND NEITHER THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) IS LIABLE THEREFOR. THE 2011A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE CITY COUNCIL, THE COMMISSION NOR ANY PERSONS EXECUTING THE 2011A BONDS ARE LIABLE PERSONALLY ON THE 2011A BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

Flow of Funds

Under the Indenture, the Commission is required to deposit all of the Tax Revenues received in any Bond Year in the Special Fund (which is established under the Indenture and held by the Commission) promptly upon receipt thereof by the Commission, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for deposit into the following accounts of the Debt Service Fund in the following order of priority:

(a) ***Interest Account*****.** On or before the 10th Business Day preceding each Interest Payment Date, the Commission will withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date.

No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds.

All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

(b) ***Principal Account*****.** On or before the 10th Business Day preceding September 1 in each year in which principal of the Bonds is due and payable, the Commission will withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and any maturing Term Bonds on the next Interest Payment Date.

No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next Interest Payment Date on all of the Outstanding Serial Bonds and any maturing Term Bonds.

All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and maturing Term Bonds as it becomes due and payable.

(c) ***Sinking Account***. On or before the 10th Business Day preceding each September 1 on which any Outstanding Term Bonds are subject to mandatory redemption, the Commission will withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such September 1 under the Indenture.

All moneys on deposit in the Sinking Account will be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it becomes due and payable upon redemption under the Indenture.

(d) ***Reserve Account***. If prior to any Interest Payment Date the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Trustee will promptly notify the Commission of such fact. Promptly upon receipt of any such notice, the Commission will withdraw from the Special Fund and transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account.

If there is then not sufficient moneys in the Special Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Commission will be obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there is on deposit therein a sum at least equal to the Reserve Requirement.

All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Commission is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement will be withdrawn from the Reserve Account semiannually on or before March 1 and September 1 by the Trustee and deposited in the Interest Account.

(e) ***Surplus*****.** The Commission will not be required to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required to be transferred to the Trustee from the Special Fund with respect to such Bond Year. In the event that, for any reason whatsoever, any amount remains on deposit in the Special Fund on the last day of any Bond Year (being the applicable September 1) after making all of the transfers from the Special Fund with respect to such Bond Year theretofore required to be made under the Indenture, the Commission may withdraw such amount from the Special Fund to be used for any lawful purpose of the Commission.

(f) ***Redemption Account*****.** On or before the 5th Business Day preceding any redemption date on which Bonds are to be redeemed through optional redemption, the Commission will withdraw from the Special Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such redemption date. All moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed on the date set for such redemption.

Reserve Account

Establishment and Funding. Under the Indenture, the Trustee has previously established the Reserve Account for the Bonds, which is to be maintained in an amount equal to the Reserve Requirement (as defined below) for the Bonds. The Reserve Account was originally established in connection with the issuance of the 2003 Bonds.

On the Closing Date, the Trustee will deposit a portion of the proceeds of the 2011A Bonds equal to $2,457,874.76 into the Reserve Account to bring the amount on deposit therein to the Reserve Requirement. Concurrently with issuance of the 2011A Bonds, the Commission will issue the 2011B Bonds and deposit a portion of the proceeds of the 2011B Bonds into the Reserve Account. See "PLAN OF FINANCE."

Reserve Requirement. Under the Indenture, the “Reserve Requirement” is defined as the least of the following (as calculated by the Commission):

(i) 125% of average Annual Debt Service on the Bonds,

(ii) 10% of the original principal amount of the Bonds and any Parity Debt, or

(iii) Maximum Annual Debt Service.

If at the time of calculation of the Reserve Requirement there are two or more reserve accounts established with respect to the Bonds and any Parity Debt, then the amounts on deposit in such reserve accounts will be aggregated for purposes of calculating compliance with the Reserve Requirement.

Use of Funds in the Reserve Account. All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding. See “APPENDIX D - SUMMARY OF INDENTURE.”

Common Reserve. All of the Outstanding Bonds are equally secured by a first pledge of, security interest in, and lien on the Reserve Account.

Outstanding Parity Bonds

The pledge of Tax Revenues securing the 2011A Bonds is on a parity with the pledge thereof securing the following two outstanding series of tax allocation bonds issued under the Indenture:

- The 2003 Bonds were issued in the original principal amount of $11,500,000 and are currently outstanding in the principal amount of $10,005,000. Because 30.43% of the proceeds of the 2003 Bonds was used to finance low- and moderate-income housing projects in the City, 30.43% of the debt service on the 2003 Bonds is payable from Housing Set-Aside. The debt service on the portion of the 2003 Bonds that was not used to finance low- and moderate-income housing projects (“Non-Housing 2003 Bonds”) is payable from the Non-Housing Tax Revenues.

- The 2011B Bonds are intended to be issued by the Commission concurrently with the 2011A Bonds in the principal amount of $9,420,000. Because 100% of the

proceeds of the 2011B Bonds will be used to finance low- and moderate-income housing projects in the City, 100% of the debt service on the 2011B Bonds is payable from Housing Set-Aside. The Commission intends to pay 100% of the debt service on the 2011B Bonds with Housing Set-Aside.

Because the Commission intends to pay debt service on the 2011A Bonds and the Non-Housing 2003 Bonds solely from Non-Housing Tax Revenues, this Official Statement shows debt service coverage on the Non-Housing 2003 Bonds and the 2011A Bonds based on Non-Housing Tax Revenues. In addition, this Official Statement shows debt service coverage on all of the 2003 Bonds, the 2011A Bonds and the 2011B Bonds based on all Tax Revenues. See "HISTORICAL AND ESTIMATED TAX REVENUES."

The Commission may issue additional future debt payable on a parity with or subordinate to the payment of debt service on the 2003 Bonds, the 2011B Bonds and the 2011A Bonds, provided that the conditions set forth in the Indenture are met. See "– Parity Debt and Subordinate Debt" below.

Parity Debt and Subordinate Debt

Issuance of Parity Debt. In addition to the Bonds, the Commission may, by Supplemental Indenture, issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds to finance the Project in such principal amount as may be determined by the Commission. The Commission may issue or incur any such other Parity Debt subject to the specific conditions set forth in the Indenture, including the following (among others):

(a) The Commission must be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures.

(b) The Supplemental Indenture providing for the issuance of such Parity Debt must provide that interest thereon will be payable on March 1 and September 1, and principal thereof will be payable on September 1 in any year in which principal is payable.

(c) Money must be deposited in the Reserve Account from the proceeds of the sale of the Parity Debt (or from other available funds of the Commission) in an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement for the Bonds, taking into account the issuance of the Parity Debt.

(d) The aggregate amount of the principal of and interest on all Outstanding Bonds and Subordinate Debt coming due and payable following the issuance of such Parity Debt may not exceed the maximum amount of Tax Revenues permitted under the Plan Limitations to be allocated and paid to the Commission following the issuance of such Parity Debt.

(e) The Tax Revenues estimated in the Report of an Independent Redevelopment Consultant to be received for the then current Fiscal Year must be at least equal to 150% of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt; provided, however, that if the total of the assessed valuation of the property of the largest assessed owner in the Redevelopment Project, based upon such valuations on the tax roll for the most recent Fiscal Year for which such information is available, represents not more than 20% of the incremental assessed value of the Redevelopment Project for the corresponding

Fiscal Year, then the Tax Revenues estimated in the Report of an Independent Redevelopment Consultant to be received for the then current Fiscal Year must be at least equal to 125% of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt.

Issuance of Subordinate Debt. In addition to the Bonds, the Commission may incur Subordinate Debt in such principal amount as may be determined by the Commission, upon the satisfaction of the conditions contained in the Indenture. See "APPENDIX D – SUMMARY OF THE INDENTURE."

Application of Funds in the Event of Shortfall

If a shortfall in Tax Revenues should occur such that amounts are insufficient to fully pay debt service on the 2003 Bonds, the 2011A Bonds, the 2011B Bonds and any future Parity Bonds, the Indenture provides that the Trustee will apply available monies to the payment of principal and interest ratably to the aggregate of such principal and interest.

The availability of funds for this purpose is subject, however, to the restrictions in the Indenture and the Redevelopment Law concerning the use of Housing Set-Aside, specifically, the requirement that Housing Set-Aside may be used to pay debt service only on bonds that were issued to finance low- and moderate-income housing projects in the City. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS – Pledge of Tax Revenues" and "LIMITATIONS ON TAX REVENUES."

As a result, if Tax Revenues were not sufficient to pay all outstanding debt service:

- the Agency would use Housing Set-Aside to pay debt service on the Housing Portion of the 2003 Bonds, the 2011B Bonds and any future Parity Bonds issued to finance low- and moderate-income housing projects; and

- the Agency would use Non-Housing Tax Revenues to pay debt service on all outstanding Bonds in a manner that would, to the extent possible taking into consideration the application of Housing Set-Aside, result in ratable payment of debt service on the outstanding Bonds.

THE COMMISSION

General

Activation of the Commission. The Commission was activated on June 2, 1997, by adoption of Ordinance No. 97494 by the City Council pursuant to the Redevelopment Law. The City Council members also sit as Commission members.

Commission Officers. Brief biographies of certain Commission officers are set forth below.

Paul Arevalo, Executive Director of the Commission. Paul Arevalo is the City Manager for the City and Executive Director of the Commission. He has worked for the City since 1990, and served as the Director of Finance and Technology Services prior to becoming City Manager in 2000. Prior to his work with the City, Mr. Arevalo spent three years working for other State and local agencies, including the California Franchise Tax Board. Mr. Arevalo is a graduate of California State Polytechnic University, Pomona, and has completed various graduate-level courses in the School of Public Administration at California State University, Los Angeles.

Anil H. Gandhy, Treasurer of the Commission. Anil Gandhy is the Director of Finance and Information Technology for the City and the Treasurer of the Commission. He has worked for the City since 2001. Prior to his work with the City, Mr. Gandhy spent nine years serving as Director of Finance and Administrative Services for the City of Bell Gardens. He also spent a decade working for Certified Public Accounting firms, including six years at Moreland & Associates in Newport Beach. Mr. Gandhy has a Bachelor of Commerce degree from Saurashtra University India and a Master of Business Administration from the Keller Graduate School of Management. He is licensed as a Certified Public Accountant in the State of California.

Michael Jenkins, Counsel to the Commission. Michael Jenkins currently serves as City Attorney and Counsel to the Commission. Mr. Jenkins is city attorney for the Cities of Diamond Bar, Hermosa Beach, Rolling Hills and West Hollywood, and is also general counsel to the Antelope Valley Mosquito & Vector Control District, the Los Angeles County West Vector Control District, the San Gabriel Valley Mosquito and Vector Control District and the West Valley Mosquito & Vector Control District. Concurrently, he works as general counsel to the South Bay Cities Council of Governments and the Westside Cities Council of Governments, and as special counsel for numerous municipalities around the State. Mr. Jenkins is an honors graduate of Haverford College and Duke University School of Law.

Powers

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

Audited Financial Statements

The Commission's audited financial statements for the Fiscal Year ending June 30, 2010, which were audited by Lance Soll & Lunghard, LLP, Certified Public Accountants, Brea, California (the "Auditor"), are attached as APPENDIX B.

The Commission has not requested the Auditor's consent to the inclusion of its report in this Official Statement and the Auditor has not undertaken to update the financial statements included as APPENDIX B or their report. The Auditor expresses no opinion with respect to any event subsequent to its report.

THE EAST SIDE PROJECT AREA

Background

The East Side Project Area encompasses approximately 338 acres and is bounded by Fountain Avenue on the north, Hayworth Avenue on the west, La Brea Avenue on the east, and Romaine Street and Willoughby Avenue on the south. Santa Monica Boulevard, the City's easterly gateway, bisects the project area and is the focus of redevelopment activity.

Set forth on the following page is a map of the City showing the East Side Project Area.

For additional information regarding the City, see APPENDIX A.

See APPENDIX C for a complete copy of the Fiscal Consultant's Report, which further describes the Project Area.

Land Use Summary

The table below summarizes the property in the East Side Project Area by land use category and net taxable value for the current Fiscal Year. As shown below, the properties within the East Side Project Area are primarily residential.

Table 1
East Side Project Area
Land Use Categories
Fiscal Year 2010-11

Category	Parcels	Assessed Value	%
Residential	1,142	$ 673,290,355	58.9%
Commercial	181	309,634,134	27.1
Industrial	17	87,437,776	7.7
Institutional	16	4,935,034	0.4
Recreational	2	2,479,358	0.2
Vacant	19	3,810,289	0.3
Government/Exempt	20	0	0.0
Subtotal:	1,397	$1,081,586,946	94.7
SBE Non-Unitary Utility		2,141,871	0.2
Unsecured		58,529,021	5.1
Totals:		**$1,142,257,838**	**100.00%**

Source: HdL Coren & Cone.

Project Area Map

Largest Taxpayers

Top Ten Taxpayers. The table below shows the property owners with the highest taxable values in the East Side Project Area as of December 31, 2010.

Table 2
East Side Project Area
Top Ten Taxpayers
Fiscal Year 2010-11

Property Owner	Secured Taxable Value†	Unsecured Taxable Value	Total Taxable Value	% of Total Taxable Value	% of Total Incremental Value	Type of Property Assessed
CLPF West Hollywood LP (1)	$81,400,356	$ 0	$81,400,356	7.13%	11.13%	Commercial
Studio Lending Group † (1)	67,940,873	0	67,940,873	5.95%	9.29%	Industrial
Time Warner NY Cable † (1)	0	32,327,324	32,327,324	2.83%	4.42%	Unsecured
Casden Movietown (1)	29,156,402	0	29,156,402	2.55%	3.99%	Commercial
RSH Properties (1)	27,185,418	0	27,185,418	2.38%	3.72%	Commercial
Monarch La Brea Venture LP (1)	22,335,935	0	22,335,935	1.96%	3.05%	Commercial
Monarch Santa Monica Venture LP (1)	16,281,316	0	16,281,316	1.43%	2.23%	Commercial
The Promenade	12,581,837	0	12,581,837	1.10%	1.72%	Residential
Hayworth House LP †	9,479,825	0	9,479,825	0.83%	1.30%	Residential
Donald T. Sterling Trust †	8,707,336	0	8,707,336	0.76%	1.19%	Residential
Total for Top Ten	$275,069,298	$32,327,324	$307,396,622	26.91%	42.04%	
Total Taxable Assessed Value	$1,083,728,817	$58,529,021	$1,142,257,838			

† Includes taxable personal property (secured and unsecured assessed value).
(1) Represents owner with one or more pending assessed valuation appeals. See "HISTORICAL AND ESTIMATED TAX REVENUES – Outstanding Appeals for Reduction of Assessed Valuation."
Source: HdL Coren & Cone.

Description of Major Owners. Descriptions of the largest property owners in the East Side Project Area are set forth below.

CLPF West Hollywood, dba West Hollywood Gateway, is a 254,373 square-foot shopping center located at 7100 Santa Monica Boulevard (southwest corner of La Brea and Santa Monica) which was built in 2003. The center includes a Target and Best Buy with 17 other smaller retailers and restaurants.

Studio Lending Group, d/b/a The Lot, is a motion picture and television studio located at 7200 Santa Monica Boulevard. The Lot is located on the south side of Santa Monica Boulevard, just west of La Brea Avenue, and is bounded by Formosa Avenue on the east and Poinsettia Place on the west. The Lot encompasses 11.20 Acres and has production and post-production offices, sound stages and various support amenities totaling in excess of 300,000 square feet.

This studio was formerly known as the Warner Hollywood Studios, United Artists Studios and the Samuel Goldwyn Studios. In 2007 the facility was sold to Studio Lending Group, who bought it from BA Studios. The Lot leases office and soundstage space to production companies. Current activities include feature film production by Warner Bros., DreamWorks and New Regency Films.

Time Warner N.Y. Cable is the cable franchise holder in the City. The taxable value represents their cable operations in the East Side Project Area.

Casden Movietown, LLC, is a shopping center located at 7302 Santa Monica Boulevard, from Poinsettia to Fuller. The center was built in 1965 and most recently sold in June 2005. The major tenant is Trader Joe's.

On February 16, 2010, the City Council unanimously approved the Movietown Plaza Project, which is intended to involve demolition of all structures on the site and the construction of 371 residential units and 32,300 square feet of retail space. The project is intended to include 76 affordable rental apartments for seniors, half of which will be reserved for very low-income households and half for low-income households.

RSH Properties I LLC. This is a single parcel of 2.25 acres located at the corner of Fountain and La Brea. The neighborhood commercial use is a Ralph's Supermarket containing approximately 46,000 square feet. According to Los Angeles County Assessor's records, the property was built in 1995 and last sold in April 2007.

Monarch La Brea Venture L.P. is the owner 1216-34 N La Brea and 7070 Fountain Avenues. These properties were purchased from September 2007 to March 2008. Currently operating at 1231 La Brea is Jon's Market.

On August 5, 2010, the Planning Commission unanimously approved a new project for this site, which is intended to involve demolition of all structures on the site and the construction of 187 residential units, including 38 affordable units, and approximately 19,000 square feet of retail/commercial space.

Monarch Santa Monica Venture L.P. is the owner 1111 N La Brea and 7113 and 7119 Santa Monica Boulevard and 1122 Detroit Street. These properties were purchased from Mole Richardson in November 2007. The buildings were built from 1921 to 1975. Currently operating at 1111 La Brea is a Carl's Jr.

On September 20, 2010, the City Council unanimously approved a new project for this site, which is intended to involve demolition of all structures on the site and the construction of 184 residential units, including 37 affordable units, and approximately 13,350 square feet of retail/commercial space.

HISTORICAL AND ESTIMATED TAX REVENUES

History of Assessed Valuations and Tax Revenues

The following table sets forth historical taxable property values and tax increment revenues for the East Side Project Area for the prior four fiscal years and estimated amounts for the current fiscal year.

Table 3
East Side Project Area
Historical Taxable Values and Tax Increment Revenues

	2006-07 Actual	2007-08 Actual	% Chng	2008-09 Actual	% Chng	2009-10 Actual	% Chng	2010-11 Estimated	% Chng
Secured Value	$869,272,540	$951,801,448	9.49%	$1,060,870,492	11.46%	$1,102,501,562	3.92%	$1,083,728,817	(1.70%)
Unsecured Value	29,999,429	56,859,555	89.54%	76,921,129	35.28%	76,501,939	(0.54%)	58,529,021	(23.49%)
Total	899,271,969	1,008,661,003	12.16%	1,137,791,621	12.80%	1,179,003,501	3.62%	1,142,257,838	(3.12%)
Less Base Year Value [1]	(412,020,410)	(412,020,410)		(412,020,410)		(411,116,718)		(411,116,718)	
Incremental Increase	487,251,559	596,640,593	22.45%	725,771,211	21.64%	767,886,783	5.80%	731,141,120	(4.79%)
Gross Tax Increment Revenues	$5,099,270	$6,096,319	19.55%	$7,714,657	26.55%	$7,743,087	0.37%	$7,346,320	(5.12%)
Less Housing Set-Aside[2]	(1,019,854)	(1,219,264)		(1,542,931)		(1,548,617)		(1,469,264)	
Less County Administration Fees	(63,544)	(81,851)		(97,325)		(112,481)		(119,327)	
Less ERAF Shift [3]	0	0		0		(1,837,160)		(377,876)	
Less Statutory Pass-Throughs	(1,019,854)	(1,219,264)		(1,731,792)		(1,823,250)		(1,694,546)	
Net Tax Revenues	$2,996,018	$3,575,940	19.36%	$4,342,609	21.44%	$2,421,579	(44.24%)	$3,685,307	52.19%

[1] Base Year secured valuation was $403,196,115 and Base Year unsecured valuation was $8,824,295.
[2] Although the definition of Tax Revenues pledged toward the payment of debt service on the Non-Housing 2003 Bonds and the 2011A Bonds is not limited to the Non-Housing Tax Revenues, the Commission expects to pay debt service on the Non-Housing 2003 Bonds and the 2011A Bonds solely from Non-Housing Tax Revenues. The Housing Set-Aside is not available for payment of debt service on the 2011A Bonds or the Non-Housing 2003 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS – Tax Revenues."
[3] See "BOND OWNERS' RISKS – State Budget" for a description of the ERAF shift.
Source: HdL Coren & Cone.

Redevelopment Plan Limitations

Sections 33333.2 and 33333.4 of the Redevelopment Law requires each redevelopment agency to either include in each redevelopment plan or to adopt by ordinance a limitation on the amount of taxes that may be divided and allocated to the redevelopment agency with respect to the related redevelopment project area. Under Section 33333.2, taxes may not be allocated to a redevelopment agency beyond this limitation except by amendment of the redevelopment plan.

The East Side Redevelopment Plan contains such tax increment limitations. The time limits set forth under the East Side Redevelopment Plan, the amount of taxes attributable to real property (land and improvements including personal property) located within the East Side Project Area that may be divided and allocated to the Commission under the Redevelopment Law, and the current deadline for the Commission to incur debt, are as follows:

Plan Effectiveness:	June 2, 2028
Repayment of Debt:	June 2, 2043
Date to Receive Tax Increment Revenues:	June 2, 2043
Final Date to Incur Debt:	June 2, 2017
Amount of Outstanding Bonded Indebtedness	$284,305,953 [1]

[1] Represents the limit as of December 31, 2010, based on the original bonded indebtedness limit of $200,000,000 plus a Consumer Price Index inflator.
Source: West Hollywood Community Development Commission.

Statutory Pass-Throughs

Pass-through payments to taxing agencies are made in accordance with the following formulas pursuant to Health & Safety Code Section 33607.5:

a. 20% of gross tax increment revenue (or 25% of revenue after deduction for the 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 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 10th fiscal year,

c. an additional 11.2% of the gross tax increment (14% after deduction for the 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 30th fiscal year.

The payments to the affected taxing agencies are allocated between each agency in proportion to the share of property taxes each agency receives in the year funds are allocated. The Agency's statutory pass-through obligations are payable from Non-Housing Tax Revenues on a senior basis to debt service on the 2011A Bonds.

Owner Participation Agreement

The Owner Participation Agreement (the "Owner Participation Agreement"), dated as of August 2002, by and between the Commission and BA Studios, was entered into in connection with the development of a site located in the East Side Project Area bounded by Poinsettia Place on the west, Santa Monica Boulevard on the north, Formosa Avenue on the east, and a parcel owned by the Los Angeles Department of Water and Power on the south (the "Site").

Under the Owner Participation Agreement, the Commission agrees to rebate to BA Studios, on an annual basis until June 2, 2027, an amount equal to the following:

(1) 50% of the "Net Tax Increment" generated from new development on the Site which is completed prior to the expiration date of the Development Agreement between the City and Warner Hollywood Studios (as it may be extended), and

(2) to the extent that costs of the mitigation required in connection with the Development Agreement, as amended, exceeds $10,000, 100% of the Net Tax Increment generated from the development of the BA Studios Parking Structure, with interest from the date the expenses were incurred, until such time as BA Studios has been reimbursed for its mitigation expenses in excess of $10,000, or June 2, 2027, whichever comes first.

The Owner Participation Agreement defines "Net Tax Increment" as the balance of monies allocated to and paid to the Commission under Section 33676(b) et seq. of the Redevelopment Law that remain after deduction by the County for administrative fees and required payments to taxing agencies, less the Housing Set-Aside.

Because "new development" within the definition of the Owner Participation Agreement has not occurred on the site, the Commission is not currently obligated to make any of the payments under the Owner Participation Agreement outlined above. The projections contained in this Official Statement do not reflect any obligations related to the Owner Participation Agreement. However, if "new development" within the meaning of the Owner Participation Agreement were to occur before the expiration date of the Development Agreement, Non-Housing Tax Revenues available to pay debt service on the 2011A Bonds would exclude future payments made under the Owner Participation Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS – Tax Revenues."

Outstanding Appeals for Reduction of Assessed Valuation

Property taxable values determined by the County Assessor may be subject to an appeal by property owners. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. The reduction in future Project taxable values affects all taxing entities, including the Commission.

The Commission and HdL Coren & Cone, the Fiscal Consultant, researched the status of assessment appeals filed by all property owners in the East Side Project Area based upon the latest information available from the County assessment appeals database.

A total of 107 appeals are pending in the East Side Project Area seeking an aggregate reduction of $228,039,718, or approximately 19.96% of fiscal year 2010-11 assessed value. Since fiscal year 2005-06, 228 appeals have been filed. Of the 228 appeals files, 54 have been allowed with a reduction in value and 30 have been denied. The 54 successful appeals resulted in a total reduction of $40,026,370 or 11.49% of assessed value that was under appeal.

The Fiscal Consultant estimates that the assessment appeals currently pending will result in a reduction in the projected fiscal year 2011-12 assessed value of $34,814,099 or 3.05% of fiscal year 2010-11 assessed value. The following table summarizes the Fiscal Consultant's estimate for losses on pending assessment appeals.

Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average AV Reduction	No. of Pending Appeals(1)	Value of Appeals Pending	Est. No. Pending Allowed	Est. reduction of Value on Pending Appeals Allowed
228	84	54	11.49%	107	$471,143,170	69	$34,814,099

(1) The pending appeals included in the projection of value loss does not include appeals on the same parcel in multiple years. Reduction in value in such cases is not cumulative.

Fourteen assessment appeals were recently allowed with a reduction in value of $8,751,127. This reduction has been reflected in the values for 2010-11. Reductions in revenue for refunds resulting from these successful appeals have **not** been estimated.

Within the top ten taxpayers in the Project Area, seven have filed assessment appeals that are currently pending. CLPF West Hollywood LP is seeking a reduction of their fiscal year 2010-11 valuation in the amount of $40.7 million (50.00%). Time Warner NY Cable and RSH Properties I are also seeking reductions of their fiscal year 2010-11 assessed values. Time Warner NY Cable is appealing only two of its unsecured values and so the amount shown does not equal its total taxable value for fiscal year 2010-11. Studio Lending Group, Casden Movietown, Monarch La Brea Venture LP and Monarch Santa Monica Venture LP are seeking reductions of their fiscal year 2009-10 and fiscal year 2010-11 assessed values. The table below summarizes the reductions in assessed value sought by these top ten taxpayers.

Owner	Fiscal Year	No. of Parcels	Value Under Appeal	Owners Opinion of Value	Max. Potential Value Loss
CLPF West Hollywood LP	2010-11	1	$81,400,356	$40,696,000	$40,704,356
Studio Lending Group	2009-10	1	67,301,130	47,757,000	19,544,130
	2010-11	1	67,940,873	35,000,000	32,940,873
Time Warner NY Cable	2010-11	2	31,817,175	3,181,718	28,635,457
Casden Movietown	2009-10	1	29,225,668	14,999,000	14,226,668
	2010-11	1	29,156,402	19,998,000	9,158,402
RSH Properties I	2010-11	1	33,213,895	20,000,000	13,213,895
Monarch La Brea Venture	2009-10	4	22,389,000	13,800,000	8,589,000
LP	2010-11	4	22,335,935	14,060,000	8,275,935
Monarch Santa Monica	2009-10	3	14,606,400	12,025,000	2,581,400
Venture LP	2010-11	3	14,571,779	12,025,000	2,546,779

Source: Los Angeles County Clerk of the Board

The actual reductions in tax increment and East Side Project Area taxable values for future appeals could be significant. Resolution of appeals are determined by a number of factors including vacancy and rental rates, circumstances of hardship and other real estate comparables, all of which are unique to the individual assessment.

Tax Rates

The tax rates that are applied to incremental taxable values consist of two components: the General Tax Rate of $1.00 per $100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed one percent ($1.00 of $100 taxable value) in accordance with Article XIIIA of the California Constitution.

The Override Tax Rates can decline each year as increasing property values reduce the Override Rate needed to be levied by the taxing entities to meet voter approved obligations and as voter approved debt is eventually retired over time. An amendment to the Constitution prohibits redevelopment agencies from receiving taxes generated by new Override Tax Rates for debt approved after December 31, 1988.

The fiscal year 2010-11 secured tax rates applicable to all Tax Rate Areas within the Project Area is set forth below.

General Levy	1.0000%
Metropolitan Water District	0.0037%
Combined Tax Rate	1.0037%

Source: HdL Coren & Cone.

The Fiscal Consultant has assumed future tax rates remain at $1.0037 per $100 of taxable value through fiscal year 2034-35 and $1.00 per $100 of taxable value thereafter.

County Administrative Fees

The County Administrative Fees for the past five fiscal years are shown below.

TABLE 4
Historical County Administrative Fees

	2005-06	2006-07	2007-08	2008-09	2009-10
Administrative cost	$57,184	$63,544	$81,851	$97,325	$112,481
Total East Side Project Area Tax Increment	$5,719,049	$5,099,270	$6,096,319	$7,714,657	$7,743,087
Percent of Total East Side Project Area Tax Increment	1.00%	1.25%	1.34%	1.26%	1.45%

Source: HdL Coren & Cone.

The Fiscal Consultant has assumed the County administrative fee will be 1.61% of gross tax revenue.

Estimated Tax Revenues and Debt Service Coverage

Projected Tax Revenues. The table below sets forth a calculation of the amount of Tax Revenues for the East Side Project Area that are used to show debt service coverage in this Official Statement. The Commission has elected to show debt service coverage based on the assumption of no growth for the 30-year projection period, and certain deductions for appeals in fiscal year 2011-12, statutory pass-throughs and the property tax administration charge.

TABLE 5
Projected Tax Increment Revenue Calculations
Based on Fiscal Year 2010-11 Amounts
(in thousands)

Total Tax Increment [1]	$7,346
Less Housing Set-Aside (20%)	(1,469)
Less Statutory Pass Throughs (20%) [3]	(1,695)
Less County Administration Charge [4]	(119)
Net Tax Revenues [5] [6]	$4,063

[1] Represents tax increment based on Fiscal Year 2010-11 assessed values and a tax rate of $1.0037 per $100 of taxable value. In projecting future Tax Revenues, the Fiscal Consultant assumes future tax rates remain at $1.0037 per $100 of taxable value through fiscal year 2034-35 and $1.00 per $100 of taxable value thereafter. The fiscal year 2010-11 assessed values were reduced by the Fiscal Consultant below their level on the tax roll to reflect 14 successful appeals that were not reflected on the fiscal year 2010-11 tax roll (a reduction of $8,751,127).

[3] Pursuant to Section 33607.5 of the Redevelopment Law, taxing entities receive their shares of 25% of total tax increment revenue net of housing set aside (Tier 1). In addition, beginning in fiscal year 2008-09 and using the East Side Project Area assessed value for fiscal year 2007-08 as an adjusted base year value, taxing entities receive 21% of tax revenue derived from the incremental increase in value above the adjusted base year value. Beginning in fiscal year 2028-29 and using East Side Project Area assessed values for fiscal year 2027-28 as an adjusted base year value, taxing entities receive 14% of revenue derived from incremental value above this second adjusted base year value net of housing set aside (Tier 3). The City is considered a taxing entity and has elected to receive its share of the Tier 1 pass through amount. The City may not receive any share of the Tier 2 or Tier 3 payment amounts. See "– Statutory Pass-Throughs" above.

[4] Represents a Los Angeles County administration fee of 1.61% of tax increment revenues for fiscal year 2010-11.

[5] Represents the amount available for the payment of debt service on the 2011A Bonds. The table below shows a calculation of projected debt service coverage ratios on the 2011A Bonds.

[6] Does not reflect the SERAF payment due on May 1, 2011. See "RISK FACTORS – Impact of State Budgets." Because no ERAF shift has been proposed for future fiscal years, no assumption regarding future ERAF shifts is made in this Official Statement for purposes of slowing debt service coverage.

Source: HdL Coren & Cone.

Projected Debt Service Coverage – Non-Housing Tax Revenues and Non-Housing Bonds. The table below shows projected Non-Housing Tax Revenues and projected debt service coverage on the Non-Housing 2003 Bonds and the 2011A Bonds based on the following assumptions:

(i) The Commission has held fiscal year 2010-11 assessed values constant through the final maturity date of the 2011A Bonds, assuming 0% growth, although (A) the fiscal year 2010-11 assessed values were reduced by the Fiscal Consultant in the amount of $8,751,127 to reflect 14 successful appeals that were not reflected on the fiscal year 2010-11 tax roll, (B) the projected fiscal year 2011-12 assessed values were reduced by $34,814,099 as a result of pending appeals, (C) the fiscal year 2011-12 assessed values were increased by $6,113,610 to reflect transfers that occurred between January 1, 2010 and December 31, 2010 (generating an increase of $6,788,784) and foreclosures in the same period (generating a decrease of $675,174) and (D) the projected fiscal year 2012-13 assessed values were reduced by $9,479,825 to reflect the welfare exemption for secured value related to the Hayworth Home Apartments.

(ii) Although the Non-Housing Tax Revenues are also pledged to all of the 2003 Bonds and the 2011B Bonds, the Commission has assumed for purposes of this table that it will pay debt service on 30.43% of the 2003 Bonds with Housing Set-Aside and all of the debt service on the 2011B Bonds with Housing Set-Aside. The Commission may not use Housing Set-Aside to pay debt service on the 2011A Bonds and 69.57% of the 2003 Bonds (referred to as the Non-Housing 2003 Bonds in this Official Statement). Consequently, the table shows debt service only on the 2011A Bonds and the Non-Housing 2003 Bonds.

Table 6A
DEBT SERVICE COVERAGE PROJECTIONS
NON-HOUSING TAX REVENUES

Bond Year Ending Sept. 1	Non-Housing Tax Revenues (1)	Non-Housing 2003 Bonds Debt Service	2011A Bonds Debt Service*	Total Non-Housing Debt Service*	Estimated Coverage
2011	$4,063,183	$545,356	$2,460,365	$3,005,721	135%
2012	3,944,606	544,956	2,372,300	2,917,256	135
2013	3,905,029	547,721	2,341,500	2,889,221	135
2014	3,905,029	546,086	2,342,887	2,888,974	135
2015	3,905,029	547,599	2,341,887	2,889,487	135
2016	3,905,029	544,841	2,347,637	2,892,478	135
2017	3,905,029	544,810	2,347,387	2,892,197	135
2018	3,905,029	547,509	2,340,587	2,888,096	135
2019	3,905,029	545,891	2,342,437	2,888,329	135
2020	3,905,029	547,085	2,341,437	2,888,522	135
2021	3,905,029	547,032	2,344,237	2,891,270	135
2022	3,905,029	546,215	2,344,550	2,890,765	135
2023	3,905,029	544,350	2,345,150	2,889,500	135
2024	3,905,029	544,890	2,343,650	2,888,540	135
2025	3,905,029	544,672	2,345,050	2,889,722	135
2026	3,905,029	546,955	2,344,000	2,890,955	135
2027	3,905,029	544,585	2,345,500	2,890,085	135
2028	3,905,029	544,716	2,342,725	2,887,441	135
2029	3,905,029	547,151	2,342,050	2,889,201	135
2030	3,905,029	547,699	2,343,112	2,890,811	135
2031	3,905,029	546,846	2,345,550	2,892,396	13

* Rounded.

					5	13
2032	3,905,029	544,594	2,344,000	2,888,594	5	13
2033	3,905,029	544,420	2,346,375	2,890,795	5	13
2034	3,905,029	0	2,888,875	2,888,875	5	13
2035	3,905,029	0	2,890,625	2,890,625	5	13
2036	3,891,682	0	2,878,750	2,878,750	5	13
2037	3,890,650	0	2,878,625	2,878,625	5	13
2038	3,890,650	0	2,878,750	2,878,750	5	13
2039	3,890,650	0	2,878,375	2,878,375	5	13
2040	3,890,650	0	2,881,750	2,881,750	5	13
2041	3,890,650	0	2,877,750	2,877,750	5	13
2042	3,890,650	0	2,881,000	2,881,000	5	
Totals	**$125,059,049**	**$12,555,979**	**$79,988,877**	**$92,544,856**		

(1) Although the Non-Housing Tax Revenues are also pledged to all of the 2003 Bonds and the 2011B Bonds, the Commission has assumed for purposes of this table that it will pay debt service on 30.43% of the 2003 Bonds with Housing Set-Aside and all of the debt service on the 2011B Bonds with Housing Set-Aside.
Source: The Commission.

Projected Debt Service Coverage –Tax Revenues and All Bonds. The table below shows projected Tax Revenues and projected debt service coverage on the 2003 Bonds, the 2011A Bonds and the 2011B Bonds based on the following assumptions:

(i) The Commission has held fiscal year 2010-11 assessed values constant although (A) the fiscal year 2010-11 assessed values were reduced by the Fiscal Consultant in the amount of $8,751,127 to reflect 14 successful appeals that were not reflected on the fiscal year 2010-11 tax roll, (B) the projected fiscal year 2011-12 assessed values were reduced by $34,814,099 as a result of pending appeals, (C) the fiscal year 2011-12 assessed values were increased by $6,113,610 to reflect transfers that occurred between January 1, 2010 and December 31, 2010 (generating an increase of $6,788,784) and foreclosures in the same period (generating a decrease of $675,174) and (D) the projected fiscal year 2012-13 assessed values were reduced by $9,479,825 to reflect the welfare exemption for secured value related to the Hayworth Home Apartments.

(ii) Tax Revenues include (A) all Non-Housing Tax Revenues and (B) an amount of Housing Set-Aside equal to debt service on 30.43% of the 2003 Bonds and all of the 2011B Bonds.

Table 6B
DEBT SERVICE COVERAGE PROJECTIONS

Bond Year Ending Sept. 1	Tax Revenues[1]	2003 Bonds Debt Service [2]	2011A Bonds Debt Service*	2011B Bonds Debt Service[3]*	Total Parity Debt Service*	Estimated Coverage
2011	$5,234,347	$783,895	$2,460,365	$932,625	$4,176,885	125%
2012	5,070,583	783,320	2,372,300	887,613	4,043,233	125
2013	5,015,116	787,295	2,341,500	870,513	3,999,308	125
2014	5,017,376	784,945	2,342,887	873,488	4,001,320	125
2015	5,015,288	787,120	2,341,887	870,738	3,999,745	125
2016	5,015,956	783,155	2,347,637	872,613	4,003,405	125
2017	5,017,230	783,110	2,347,387	873,900	4,004,397	125
2018	5,014,060	786,990	2,340,587	869,550	3,997,127	125
2019	5,013,703	784,665	2,342,437	869,900	3,997,002	125
2020	5,019,025	786,380	2,341,437	874,700	4,002,517	125
2021	5,017,814	786,305	2,344,237	873,513	4,004,055	125
2022	5,015,657	785,130	2,344,550	871,713	4,001,393	125
2023	5,016,979	782,450	2,345,150	873,850	4,001,450	125
2024	5,018,427	783,225	2,343,650	875,063	4,001,938	125
2025	5,018,620	782,913	2,345,050	875,350	4,003,313	125
2026	5,018,981	786,194	2,344,000	874,713	4,004,907	125
2027	5,016,382	782,788	2,345,500	873,150	4,001,438	125
2028	5,018,614	782,975	2,342,725	875,325	4,001,025	125
2029	5,015,429	786,475	2,342,050	871,075	3,999,600	125
2030	5,015,468	787,263	2,343,112	870,875	4,001,250	125
2031	5,018,471	786,038	2,345,550	874,250	4,005,838	125
2032	5,013,960	782,800	2,344,000	870,725	3,997,525	125
2033	5,013,934	782,550	2,346,375	870,775	3,999,700	125
2034	5,018,954	0	2,888,875	1,113,925	4,002,800	125
2035	5,016,929	0	2,890,625	1,111,900	4,002,525	125
2036	4,997,282	0	2,878,750	1,105,600	3,984,350	125
2037	4,995,675	0	2,878,625	1,105,025	3,983,650	125
2038	4,999,875	0	2,878,750	1,109,225	3,987,975	125
2039	4,997,900	0	2,878,375	1,107,250	3,985,625	125
2040	4,999,750	0	2,881,750	1,109,100	3,990,850	125
2041	4,999,475	0	2,877,750	1,108,825	3,986,575	125
2042	4,996,600	0	2,881,000	1,105,950	3,986,950	125
Totals	**$160,673,861**	**$18,047,979**	**$79,988,877**	**$30,122,813**	**$128,159,669**	

(1) Tax Revenues pledged towards the payment of the Bonds include the full amount of Non-Housing Tax Revenues plus a portion of the Housing Set-Aside needed to repay the portion of the Bonds used to finance low and moderate income housing projects(i.e., 30.43% of the 2003 Bonds and all of the 2011B Bonds).
(2) 30.43% of the 2003 Bonds is payable from Housing Set-Aside Tax.
(3) 100% of the 2011B Bonds is payable from Housing Set-Aside Tax.
Source: The Commission.

* Rounded.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 2011A Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to making an investment decisions with respect to the 2011A Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Accuracy of Assumptions

To estimate the revenues available to pay debt service on the 2011A Bonds, the Commission has made certain assumptions with regard to the assessed valuation of taxable property in the East Side Project Area, future tax rates and the percentage of taxes collected. The Commission believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates and the percentages collected are less than the Commission's assumptions, the Tax Revenues available to pay debt service on the 2011A Bonds will, in all likelihood, be less than those projected herein. See "HISTORICAL AND ESTIMATED TAX REVENUES."

Reduction of Tax Revenues

Tax Revenues allocated to the Commission are determined by the incremental assessed value of taxable property in the East Side Project Area, the current rate or rates at which property in the East Side Project Area is taxed, and the percentage of taxes collected in the East Side Project Area.

Several types of events which are beyond the control of the Commission could occur and cause a reduction in available Tax Revenues.

Reduction in Assessed Valuation. Tax Revenues allocated to the Commission are determined in part by the amount of incremental assessed value in the East Side Project Area and the current rate at which property in the East Side Project Area is taxed.

Future reductions in assessed values of taxable property in the East Side Project Area could be caused by many factors, including without limitation the following:

Economic Factors. Economic factors beyond the Commission's control, such as a relocation out of the East Side Project Area by one or more major property owners, or a continued and prolonged economic downturn, could cause a long-term reduction in assessed values.

Assessed Value Appeals. Property owners may appeal to the County Assessor for a reduction of their individual assessed valuations. See "THE EAST SIDE PROJECT AREA – Assessment Appeals." In addition, the County Assessor could order a blanket reduction in assessed valuations based on then-current economic conditions. See "LIMITATIONS ON TAX REVENUES - Proposition 8 Assessed Value Reductions."

Seismic and Environmental Events. The property in the East Side Project Area could become subject to complete or partial destruction caused by natural disasters such as earthquakes, wildfires or flooding, which could result in a reduction of assessed values of the affected property.

The City is located along the southern edge of the Santa Monica mountains and like most regions in California, is in an area of significant seismic activity. There are numerous faults within and around the City. Major fault zones close to, but outside of the City, include the Santa Monica, Newport-Inglewood, Raymond, Sierra Madre, San Gabriel and San Andreas faults. The City has defined two fault precaution zones in the vicinity of the Hollywood Fault, and requires fault location studies for new construction within the two zones; however, neither of these zones are within the East Side Project Area.

The City has experienced earthquakes with a Richter magnitude of 6.0 or greater and with the epicenter being within the greater Los Angeles area, including the 1994 Northridge earthquake.

Flood. The most recent Flood Insurance Rate Map prepared by the Federal Emergency Management Agency ("FEMA") for the City is dated June 18, 1987 and indicates that a small portion of the City is within a 100-year flood plain. Following planned construction of a regional storm drain system, the County is planning to submit necessary paperwork to reclassify the 100-year flood plain ("Zone AO") to a "Zone X," similar to the surrounding area. Zone X" is the designation for lands outside of the 100-year flood plain. The 100-year flood plan is the area subject to flooding based on a storm event that is expected to occur every 100 years on average, based on historic data. Specific regulations are imposed by FEMA for any construction within 100-year flood plains.

Hazardous Substances. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The discovery of hazardous substances on property within the East Side Project Area could reduce the marketability and value of the property.

Eminent Domain. Under Article XIIIA(2)(d) of the California Constitution and California Revenue and Taxation Code Section 68, a person who is displaced from property by eminent domain proceedings, or by governmental action resulting in a judgment of inverse condemnation, is permitted to transfer the adjusted base year value of the property from which the person is displaced to another comparable property anywhere within the State. Persons acquiring replacement property must request assessment pursuant to these provisions within four years of the date the property was acquired by eminent domain or purchase or the date the judgment of inverse condemnation becomes final. Such a reassessment affecting property in the East Side Project Area could result in a reduction in assessed values within the East Side Project Area.

Statewide Legislation. Actions of the California Legislature or electorate could adversely affect the existence or powers of the Commission or the availability of future Tax Revenues and adversely affect the security for the 2011A Bonds. See "- State Budget and Statewide Legislative Proposals" below.

Future reductions of assessed valuations could result in a reduction of the Tax Revenues that secure the 2011A Bonds, which in turn could impair the ability of the Commission to make payments of principal of or interest on the 2011A Bonds when due.

Reduction in Tax Rates. While the Commission is authorized to receive the Tax Revenues, it does not have the power to levy and collect property taxes directly. Accordingly, any reduction in tax rates, whether as a result of new statutes, constitutional amendment, changes in methods by which assessed valuation is established, the provisions of additional sources of revenues to taxing agencies which would reduce the need for Tax Revenues, or any increases in exemptions for the type of property to be located in a East Side Project Area which are not offset by funds from other sources, would have the effect of reducing the Commission's Tax Revenues. Accordingly, such events could have an adverse impact on the ability of the Commission to pay debt service on the 2011A Bonds.

Reduction in Inflationary Rate. As described in greater detail below, 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 calendar year, or may be reduced to reflect a reduction in the consumer price index or comparable local data.

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 seven times:

Fiscal Year	Inflationary Rate
1983-84	1.000%
1995-96	1.190%
1996-97	1.110%
1999-00	1.850%
2004-05	1.867%
2010-11	(0.237%)
2011-12	0.753%

Fiscal year 2010-11 was the first time the inflationary value adjustment has been negative. The Commission is unable to predict if any adjustments to the full cash value base of real property within the East Side Project Area, whether an increase or a reduction, will be realized in the future. See "LIMITATIONS ON TAX REVENUES."

Property Tax Collections and Delinquencies; Bankruptcy; Concentration of Ownership. The Commission has no independent power to levy and collect property taxes or to foreclose the lien of delinquent property taxes. The Commission's Tax Revenue receipts are subject to actual property tax payment delinquencies.

Further, the collection of property taxes by the County, and the ability of the County to timely foreclose the lien of a delinquent unpaid property tax, may be limited or delayed by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure.

The top ten property taxpayers in the East Side Project Area are responsible for a significant portion of the property taxes collected within the East Side Project Area. See "THE EAST SIDE PROJECT AREA" for a listing of the major property taxpayers within the East Side Project Area.

Reductions in Unitary Values. As the result of the adoption of AB 454 (Chapter 921, Statutes of 1986), a portion of the County-wide unitary values assigned to public utilities was allocated to the East Side Project Area.

Any substantial reduction in the values of public utility properties, either because of deregulation of a utility industry or for any other reason, will have an adverse impact on the amount of Tax Revenues. However, any such impact with respect to utility properties within the East Side Project Area will be lessened because the impact will be spread on a County-wide basis.

For further information concerning unitary values, see "LIMITATIONS ON TAX REVENUES–Property Tax Collection Procedures" and "–Taxation of Unitary Property."

Bankruptcy

The rights of the Owners of the 2011A Bonds and the enforceability of the obligation to make payments on the 2011A Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Bond Counsel as to the enforceability of the obligation to make payments on the 2011A Bonds will be qualified as to bankruptcy and such other legal events. See APPENDIX E–"Proposed Form of Bond Counsel Opinion."

Impact of State Budgets

Prior Fiscal Years. In connection with its approval of the budget for fiscal years 1992-93, 1993-94, 1994-95, 2002-03, 2003-04, 2004-05, and 2005-06, the State Legislature enacted legislation which, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency's tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the Education Revenue Augmentation Fund ("ERAF").

The Commission has made all of its ERAF payments prior to the respective deadlines, as follows:

Fiscal Year	ERAF Payment Amount
2002-03	$50,979.00
2003-04	$92,095.74
2004-05	$99,620.13
2005-06	$206,553.58

AB 1389. In 2008, the State enacted legislation known as AB 1389 (Chapter 751, Statutes 2008) ("AB 1389"), that among other things required redevelopment agencies to pay into ERAF in fiscal year 2008-09, prior to May 10, 2009, an aggregate amount of $350 million, of which the Commission was to pay approximately $377,876.00 as its allocated share. Unlike prior years, there is no redevelopment plan time limit extension for agencies making the ERAF payment.

On April 30, 2009, a California Superior Court in *California Redevelopment Association v. Genest* (County of Sacramento) (Case No. 34-2008-00028334) held that these required payments violated the California constitution and invalidated and enjoined the operation of the California Health and Safety Code section requiring such payment. On May 26, 2009, the State filed a notice that it would appeal the decision of the superior court. On September 28, 2009,

the State noticed its withdrawal of its appeal; accordingly, the Superior Court holding of invalidity of the applicable portion of AB 1389 is final.

As a result, the Commission was not responsible for an ERAF payment in Fiscal Year 2008-09.

2009 SERAF Legislation. In July 2009, in connection with various legislation related to the Fiscal Year 2009-10 State budget, the State enacted Assembly Bill No. 26 (the "2009 SERAF Legislation"), which mandates that redevelopment agencies make deposits to the Supplemental Educational Revenue Augmentation Fund ("SERAF") established in each county treasury. The aggregate SERAF contribution for fiscal year 2009-10 was $1.7 billion, which was due prior to May 10, 2010, and for Fiscal Year 2010-11 is $350 million, which is due prior to May 10, 2011.

Under this legislation the Commission was required to pay $1,837,160 by May 10, 2010, which the Commission paid in full, and it will further be required to pay $377,876.00 in May 2011. The Commission paid the fiscal year 2009-10 payment from its available fund balances, and the Commission expects that it will pay the SERAF payment due in May 2011 in a timely manner from fund balances. The Commission did not borrow money from its Low and Moderate Income Housing Fund to make the SERAF payments.

The 2009 SERAF Legislation contains provisions that subordinate the obligation of redevelopment agencies to make the SERAF payments specified therein to certain indebtedness. Section 6 of AB 26, codified at Health and Safety Code, § 33690 (a) (3), states:

> "The obligation of any agency to make the payments required pursuant to this subdivision shall be subordinate to the lien of any pledge of collateral securing, directly or indirectly, the payment of the principal, or interest on any bonds of the agency including, without limitation, bonds secured by a pledge of taxes allocated to the agency pursuant to Section 33670 of the California Health and Safety Code."

The 2009 SERAF Legislation imposes various restrictions on redevelopment agencies that fail to timely make the required SERAF payments, including (i) a prohibition on adding or expanding project areas, (ii) a prohibition on the incurrence of additional debt, (iii) limitations on the encumbrance and expenditure of funds, including funds for operation and administration expenses, and (iv) commencing with the July 1 following the due date of a SERAF annual payment that is not timely made, a requirement that the applicable redevelopment agency allocate an additional 5% of all taxes that are allocated to the redevelopment agency under the Redevelopment Law for low and moderate income housing for the remainder of the time that the applicable redevelopment agency receives allocations of tax revenues under the Redevelopment Law.

The 5% additional housing set-aside penalty provision referred to in the 2009 SERAF Legislation (the "Penalty Set-Aside Requirement") would be in addition to the 20% of such tax revenues already required to be used for low and moderate income housing purposes. A redevelopment agency that borrows from amounts required to be allocated to its housing set aside funds to make required SERAF payments but does not timely repay the funds, will also be subject to the Penalty Set-Aside Requirement.

Although the 2009 SERAF Legislation contains provisions that subordinate the obligation of redevelopment agencies to make the SERAF payments specified therein to certain indebtedness (which would include a subordination of the Commission's obligations with

respect to the new SERAF payments to the Commission's obligation to pay debt service on the 2011A Bonds), there is no provision in the 2009 SERAF Legislation subordinating the Penalty Set-Aside Requirement to any indebtedness of a redevelopment agency that fails to timely make the SERAF payments mandated by the SERAF Legislation.

The California Redevelopment Association, the Union City Redevelopment Agency and the Fountain Valley Redevelopment Agency filed a lawsuit in Sacramento County Superior Court on October 20, 2009, challenging the constitutionality of the 2009 SERAF Legislation and seeking a permanent injunction to prevent the State from taking redevelopment funds for non-redevelopment purposes. On May 4, 2010, the Superior Court upheld the 2009 SERAF Legislation. The plaintiffs have appealed the decision in the Third District Court of Appeal. The appeal seeks repayment of the fiscal year 2009-10 payment and a prohibition of the second payment. The Commission cannot predict the outcome of the appeal.

Proposition 22. The State's ability to impose future ERAF and SERAF payments on redevelopment agencies may be affected by Proposition 22, which was approved by the California electorate on November 2, 2010.

Proposition 22, among other things, amends Sections 24 and 25.5 of Article XIII of the California Constitution to prohibit the State from reallocating, transferring, borrowing, appropriating or restricting the use of taxes imposed or levied by a local government solely for the local government's purposes.

As applied to redevelopment agencies, Proposition 22 adds Section 25.5(A)(7) to Article XIII of the State Constitution to prohibit the State from requiring a redevelopment agency

> (A) to pay, remit, loan, or otherwise transfer, directly or indirectly, taxes on ad valorem real property and tangible personal property allocated to the agency pursuant to Section 16 of Article XVI of the State Constitution to or for the benefit of the State, any agency of the State, or any other jurisdiction; or
>
> (B) to use, restrict, or assign a particular purpose for such taxes for the benefit of the State, any agency of the State, or any other jurisdiction, other than (i) statutory pass through payments required by Health and Safety Code Sections 33607.5 and 33607.7 and (ii) payments for the purpose of increasing, improving, and preserving the supply of low and moderate income housing available at affordable housing cost.

Although the passage of Proposition 22 will have no impact upon the Commission's obligation to pay the 2010 SERAF Amount, the State Legislative Analyst's Office ("LAO") has stated that the measure prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

No assurance can be provided that Proposition 22 will be implemented as contemplated by the LAO. In addition, Proposition 22 is subject to interpretation by the courts and there can be no assurance that the measure will not be challenged by the State or other parties or repealed by the voters of the State in the future.

Proposed 2011-12 Budget and Redevelopment Agencies. On January 10, 2011 Governor Jerry Brown released his proposed budget for fiscal year 2011-12 ("Proposed Budget"). The Proposed Budget is designed to address an estimated budget shortfall of $25.4 billion in the fiscal year 2011-12 California State Budget, which consists of an $8.2 billion projected deficit for 2010-11 and a $17.2 billion gap between projected revenues and spending

in 2011-12. The Governor's proposal includes approximately $12.5 billion in budget cuts, $12 billion in tax extensions and changes, and $1.9 billion in other solutions. The Governor is calling for a statewide special election in June to extend for five more years tax measures currently set to expire.

The Proposed Budget makes the following redevelopment-related proposals (the "RDA Provisions"), among others, although only limited details are provided for such a far-reaching proposal:

(i) Eliminate the current funding mechanism for redevelopment agencies.

(ii) Prohibit existing agencies from creating new contracts or obligations effective upon enactment of urgency legislation.

(iii) By July 1, disestablish existing redevelopment agencies and successor local agencies would be required to use the property tax revenues that redevelopment agencies would otherwise have received to retire redevelopment agency debts and contractual obligations "in accordance with existing payment schedules."

(iv) For fiscal year 2011-12, divert an estimated $1.7 billion remaining after paying the redevelopment agency debts and contractual obligations described in the preceding paragraph (iii) to offset State General Fund costs for Medi-Cal and trial courts. An additional estimated $210 million would be distributed on a one-time basis to cities, counties, and special districts proportionate to their current share of the countywide property tax.

(v) For fiscal years after fiscal year 2011-12, distribute the money available after payment of redevelopment agency debt and all obligations described in the preceding paragraph (iii) to schools, counties, cities, and non-enterprise special districts for general uses.

(vi) Shift amounts in the redevelopment agency's balances reserved for low-moderate income housing to local housing authorities for low and moderate income housing.

(vii) Introduce a new financing mechanism for economic development. Specifically, the Proposed Budget proposes that the Constitution be amended to provide for 55% voter approval for limited tax increases and bonding against local revenues for development projects such as are currently done by redevelopment agencies. Voters in each affected jurisdiction would be required to approve use of their tax revenues for these purposes.

Implementation of the Proposed Budget. Implementation of the Proposed Budget, including the RDA Provisions, would require implementing legislation by the Legislature and voter approval as to certain material elements and would probably include terms which are not yet proposed but that would be material to the Commission and the 2011A Bonds. The Commission cannot predict the ultimate form of any implementing legislation, if any is adopted.

Elements of the RDA Provisions, including the economic development program authorization, contemplate voter approval through the initiative process. It is possible that Proposition 22, which is described immediately above, will affect the State's ability to implement some of the RDA Provisions. It is possible that the Governor and the Legislature may seek voter

approval of changes to the terms of Proposition 22 that are in conflict with the Proposed Budget, including the RDA Provisions.

The Commission cannot predict the timing, terms or ultimate implementation of any such final legislation or voter initiative measures, or the impact on the Commission or the 2011A Bonds of any proposed, interim or final legislative and constitutional changes that may be adopted arising out of the Proposed Budget.

Legislative Analyst Reports. The LAO released its Overview of the Governor's Budget ("LAO Overview") on January 12, 2011. As it relates to the RDA Provisions the LAO Overview suggests the proposal has merit "but faces considerable implementation issues." The LAO Overview notes:

> "The administration's plan will require considerable work by the Legislature to sort through many legal, financial and policy issues. Several voter-approved constitutional measures, for example, constrain the State's authority to redirect redevelopment funds, use property tax revenues to pay for state programs, or impose increased costs on local agencies. In addition, the administration's plan does not address many related issues, such as clarifying the future financial responsibility for low- and moderate- income housing (currently, a redevelopment program). "

Finally, the LAO Overview recommends that the Legislature pass urgency legislation as soon as possible prohibiting redevelopment agencies, during the period of legislative review of the Proposed Budget, from taking actions that increase their debt.

On February 9, 2011, the LAO released its report regarding the Governor's proposal to end redevelopment agencies, entitled "Should California End Redevelopment Agencies?", which further notes:

> "Ordinarily, we would recommend that the state phase out [the redevelopment] program over several years or longer to minimize the disruption an abrupt ending likely would engender. Given the state's extraordinary fiscal difficulties, however, the Legislature will need to weigh the effect of this disruption in comparison with other major and urgent changes that the state would need to make if this budget solution were not adopted."

Information About the State Budget and the State. Information about the State budget and State spending is regularly available from various State offices, including the Department of Finance, the Office of the Legislative Analyst and the State Treasurer. However, none of such information is incorporated by such reference.

Draft Legislation to Eliminate Redevelopment Agencies and Restrict Activities. Draft legislation implementing the Governor's Proposed Budget was released by the Department of Finance of the State on February 23, 2011 (the "**draft legislation**"). The draft legislation has not been submitted to the Legislature, and the Commission can provide no assurances that the draft legislation will be enacted in its present form, in a different form, or at all. A brief summary of the draft legislation is set forth below, but investors are encouraged to read the entire draft legislation. The draft legislation can be obtained from the State of California's Department of Finance website at the following address (this address is provided for the convenience of investors and the website is not incorporated in this Official Statement):

http://www.dof.ca.gov/budgeting/trailer_bill_language/financial_research_and_local_government/documents/502%20RDA%20Legislation%202-23p.docx.

The draft legislation is styled as an urgency measure, which requires a two-thirds vote of each house of the Legislature for passage; urgency legislation is effective immediately upon passage and upon the signature of the Governor. It is possible that, if the draft legislation is included as a part of a complete budget package passed by the Legislature, it could be passed with only majority vote approval and still become effective immediately. The draft legislation makes it clear that its provisions would not be retroactive.

The draft legislation declares that it is the intent of the Legislature to do the following:

> "(1) Bar existing redevelopment agencies from incurring new obligations that would divert any more money from core functions and dissolve all existing redevelopment. It is the intent of the Legislature that the greatest amount of funding be realized from these actions to fund core governmental services.
>
> (2) Beginning with 2012-13 fiscal year, allocate these funds according to the existing property tax allocation, except for enterprise special districts, to make the funds available for cities, counties, special districts, school and community college districts to provide core governmental services. As a result of these actions, it is estimated that, by fiscal year 2012-13, these local entities will receive $1.9 billion per year in new resources to use for their core priorities.
>
> (3) Require a successor entity to settle the affairs of the redevelopment agencies.
>
> (4) Require the protection of contractual rights by successor agencies, which will be required to retire redevelopment agency debts in accord with existing payment schedules. No existing contractual obligations will be impaired."

The draft legislation would suspend immediately upon adoption a variety of Commission activities, including the issuance of bonds and the entering into of contracts, but would allow agencies to continue to make all scheduled payments for “enforceable obligations,” which is a defined term that includes bonds. Because the draft legislation purports to prohibit the Commission from entering into new contracts after the effective date of the draft legislation, it is not clear whether the Commission would be authorized to enter into new contracts involving the expenditure of Bond proceeds for redevelopment projects after the effective date of the draft legislation.

Thereafter, on July 1, 2011, the draft legislation would dissolve all redevelopment agencies and vest their remaining powers in successor agencies. Each successor agency would be governed by a new seven-member oversight board, which would consist of, among others, a member selected by the county board of supervisors, a member selected by a non-enterprise special district, and two members selected by the county superintendent of education to represent schools and community college districts. The city council that formed the redevelopment agency could select only one member of the oversight board.

Again, because the draft legislation purports to prohibit the successor agency from entering into new contracts, it is not clear whether the successor agency would be authorized to enter into new contracts involving the expenditure of Bond proceeds for redevelopment projects after the effective date of the draft legislation.

Subject to the approval of the oversight board, each successor agency would be charged with preparing "Recognized Obligation Payment Schedules" which document the minimum payments and due dates of payments required by "enforceable obligations" for each half-year fiscal period. "Enforceable obligations" include, among other things, bonds issued pursuant to the Redevelopment Law (including the required debt service, reserve set-asides and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former agency). Commencing January 1, 2012, only those payments listed in the Recognized Obligation Payment Schedule may be made by the successor agency from funds specified in the Recognized Obligation Payment Schedule. For fiscal year 2011-12, the draft of the Recognized Obligation Payment Schedule must be reviewed and certified, as to its accuracy, by an external auditor. The initial Recognized Obligation Payment Schedule must also be certified by the county auditor-controller.

The draft legislation provides that any legally binding obligations that were entered into with a pledge of tax increment will continue to have the revenues that were formerly tax increment and which are deposited into a new "Redevelopment Obligation Retirement Fund" to be held by the successor agency. However, the draft legislation establishes a priority of allocation with respect to property tax increment that would have been allocated to each redevelopment agency without regard for existing priority relationships; these property taxes would be deposited in a Redevelopment Property Tax Trust Fund (to be administered by the county auditor-controller) and then, in fiscal year 2012-13 and following allocated as follows. The allocation is the same for fiscal year 2011-12, except as noted below.

First, to schools and community college districts in the amount that they would have received if the draft legislation had not been adopted into law.

Second, on June 1 and January 2, to successor agencies, for payments listed in the Recognized Obligation Payment Schedule for the next six month fiscal period beginning on the next July 1 or January 1, in the following priority order: (A) debt service payments scheduled to be made for tax allocation bonds, (B) payments scheduled to be made on revenue bonds, but only to the extent the revenues pledged for them are insufficient to make the payments and only when the agency's tax increment revenues were also pledged for the repayment of such bonds, and (C) payments scheduled for other debts and obligations listed in the Recognized Obligation Payment Schedule. For fiscal year 2011-12, the draft legislation provides that, before being used to make the payments listed in the Recognized Obligation Payment Schedule, the property taxes would be used to pay each successor agency's share of an aggregate $1.7 billion payment to a "Public Health and Safety Fund".

Third, on January 2 and June 1, to each successor agency for administrative costs. Beginning in fiscal year 2012-13, the amount allocated for administrative costs may not exceed 3% of the amount allocated for the purposes described in *Second* above.

Fourth, on January 2 and June 1, any moneys remaining in the Redevelopment Tax Trust Fund after the payments and transfers authorized by *First*, *Second* and *Third* will be distributed to cities, counties, non-enterprise special districts, schools and community college districts (schools and community college districts receive no additional allocation in fiscal year 2011-12). If a successor agency is other than the agency that formed a redevelopment agency, the share that would have been allocated to that agency will instead be allocated to the agency that is the successor agency. If a local agency other than the county auditor-controller has accepted responsibility for

administering the Public Health and Safety Fund in a county, the county share will be allocated to that local agency.

In years after fiscal year 2011-12, if the successor agency reports to the county auditor-controller, no later than December 1 or May 1, that the total amount available to the successor agency from the Redevelopment Property Tax Trust Fund allocation to that successor agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the each redevelopment agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the payments required by this section in the next six-month fiscal period, the county auditor-controller will notify the State Controller and the Department of Finance no later than 10 days later. The county auditor will verify whether the successor agency will have sufficient funds from which to service debts according to the schedule and will report the findings to the Controller. If the Controller concurs that there are insufficient funds to pay required debt service, the amount of such deficiency will be deducted first from the amount remaining to be distributed to taxing entities pursuant to *Fourth,* and if that amount is exhausted, from amounts available for distribution for administrative costs in *Third.* If an agency made pass-through payment obligations subordinate to debt service payments required for enforceable obligations, funds for servicing bond debt may be deducted from the amounts for pass-through payments under *First*, if the amounts remaining to be distributed to taxing entities pursuant to *Fourth* and the amounts available for distribution for administrative costs in *Third* have all been exhausted. In fiscal year 2011-12, amounts available for allocation to the Public Health and Safety Fund may also be available for this purpose.

Finally, the draft legislation, if adopted, would lengthen the statute of limitations (i) for the commencement of an action to review a determination or finding by a redevelopment agency or its legislative body, from 90 days to three years after the determination or finding, if such determination or finding is made after January 1, 2011, and (ii) for any action that is brought on or after January 1, 2011, to determine the validity of bonds issued by the redevelopment agency, from 60 days to three years after the date of the triggering event. Although the Commission does not believe there is any defect in the proceedings for the issuance of the Bonds that could give rise to a successful challenge and Bond Counsel is providing its opinion with respect to the 2011A Bonds as set forth in an Appendix hereto, there could be an increased risk of a legal challenge because the Commission is issuing the 2011A Bonds after January 1, 2011, and any such challenge could affect the market price of the 2011A Bonds on the secondary market.

Potential Impact on the Commission and the 2011A Bonds. There are a variety of ways in which the Proposed Budget, and the RDA Provisions and the draft legislation, if adopted, could impact the Commission and the 2011A Bonds, although the Commission is not able to predict the full variety or extent of these impacts, and the impacts will vary greatly depending on the final terms of laws adopted to implement the Proposed Budget, the RDA Provisions and the draft legislation:

(i) The RDA Provisions and the draft legislation, if adopted, could impact the Commission 's activities and programs generally and could reduce or eliminate its fund balances and staffing.

(ii) The RDA Provisions and the draft legislation, if adopted, could affect the Commission's compliance with and performance under existing contracts and

obligations, including senior Pass-Through Agreements and Housing Set-Aside obligations.

(iii) Subject to certain constitutional protections described below, the RDA Provisions and the draft legislation, if adopted, could affect the Commission's compliance with and performance under the terms of the Indenture and the 2011A Bonds. These impacts could relate to the amount or availability of Tax Revenues for the 2011A Bonds and other uses, the manner of application of Tax Revenues to debt service, flow of funds, use of 2011A Bond proceeds to fund new projects, compliance with Indenture covenants, continuing disclosure and other matters.

(iv) Pending final adoption of the draft legislation or other laws to implement the RDA Provisions, interim proposals could affect the activities of the Commission and the market value of the 2011A Bonds.

(v) Most significantly, the RDA Provisions and the draft legislation -- if adopted and implemented in their proposed form – would eliminate redevelopment agencies and redeploy tax increment revenues affecting redevelopment agencies. These actions would almost certainly raise legal and practical issues, some of which may be subject to litigation and ultimate resolution in the courts, or subsequent legislative action. These issues could affect the Commission and its compliance with the terms of the Indenture and the 2011A Bonds, and resolution of these issues could involve expense and delay or modification of certain of the rights of the bondholders in ways the Commission cannot predict.

Constitutional Protections. The Commission believes that constitutional protections against the impairment of contracts will prevent the proposed actions in the RDA Provisions and the draft legislation from adversely affecting the validity of the 2011A Bonds or the Commission's pledge of Tax Revenues to secure the payment of the 2011A Bonds. Indeed, the RDA Provisions and the draft legislation purport to provide for the payments by successor entities of existing redevelopment agencies' "debts and contractual obligations."

Article I, section 10 of the United States Constitution provides that "No state shall...pass any...law impairing the obligation of contracts." Article I, section 9 of the California Constitution provides that a "law impairing the obligation of contracts may not be passed." Each of these provisions is generally referred to as a "contracts clause". Federal courts have applied a fact-based three-part test to determine whether a state law violates the federal contracts clause. In general, the test compares any impairment against the significant and legitimate public purpose behind the state law; there is no absolute prohibition against impairment.

The United States Supreme Court has declared in the context of a New Jersey law that would have retroactively repealed a 1962 statutory (but contractual) covenant that would have adversely impacted bondowners: "A governmental entity can always find a use for extra money, especially when taxes do not have to be raised. If a State could reduce its financial obligations whenever it wanted to spend the money for what it regarded as an important public purpose, the Contract Clause would provide no protection at all." See *United States Trust Co. of New York v. New Jersey* (1977) 431 U.S. 1, 25-26.

The Commission cannot predict the applicable scope of "contract clause" protections to the 2011A Bonds, or their effect on the RDA Provisions and the draft legislation as they may ultimately be implemented. Efforts to protect the rights of Bondholders and to enforce the terms

of the Indenture, if necessary, could involve expense and delay including with respect to the determination of the applicable scope of the "contract clause" provisions.

Future State Action. The Commission cannot predict what actions will be taken in the future by the voters of the State, the State Legislature and the Governor to deal with changing State revenues and expenditures and the repercussions they may have on the current fiscal year State Budget, the Proposed Budget and future State budgets, or their impact on the Commission. These developments at the State level, whether related to the Proposed Budget or not, may, in turn, affect local governments and agencies, including the Commission. Even if the proposals affecting the Commission in the Proposed Budget are not adopted, the State Legislature may adopt other legislation from time to time requiring redevelopment agencies to make other payments to ERAF or SERAF or to make other payments. The impact that current and future State fiscal shortfalls will have on the Commission is unknown at this time. In prior years, the State has experienced budgetary difficulties and as in the Proposed Budget, balanced its budget by requiring local political subdivisions, such as the County, the City and the Commission, to fund certain costs previously borne by the State.

Potential investors should be aware that both the Commission and the Underwriter have the right not to proceed with issuance of the 2011A Bonds if the draft legislation or something similar to the draft legislation is signed into law after the sale date and prior to the closing date for the 2011A Bonds.

LIMITATIONS ON TAX REVENUES

The Commission does not have any independent power to levy and collect property taxes; accordingly, the amount of Tax Revenues available to the Commission for payment of the principal of and interest on the 2011A Bonds is affected by several factors, including but not limited to those discussed below. See also "RISK FACTORS" above.

See APPENDIX C, "Fiscal Consultant's Report," for further discussion of limitations on tax revenues.

Property Tax Limitations – Article XIIIA

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution.

Proposition 13 added Article XIIIA to the California Constitution which, 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.

Proposition 13 further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII adopted by initiative in June 1986 exempts from the 1% limitation any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property.

The Legislature and California voters have, from time to time, adopted exceptions to the general statutory scheme enacted by Proposition 13. For example, in the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIIIA. Proposition 58 amends 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 amends 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. Pursuant to 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 *Nordlinger v. Hahn*, the United States Supreme Court heard an appeal relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIIIA did not violate the federal Constitution.

The Commission 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 Commission's receipt of Tax Revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on certain voter-approved indebtedness, and that each county will levy the maximum tax permitted by Article XIIIA.

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

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

Property Tax Collection Procedures

Classifications. In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor.

The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other liens.

A tax levied on unsecured property does not become a lien against unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property.

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

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

Penalties. A 10% penalty is added to delinquent taxes 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 upon 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. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. The statute may provide increased 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.

Unitary Tax Revenue

Commencing in 1988-89, the reporting of public utility values assessed by the State Board of Equalization (the "SBE") was modified pursuant to legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921). Previously, property assessed by the SBE was assessed State-wide and was allocated according to the location of individual components of a utility in a Tax Rate Area. Hence, public utility values located within a project area were fully reflected in the project area's annual taxable value. Since the County no longer included the taxable value of unitary properties as part of the reported taxable values in a redevelopment project, base year

reductions were made equal to the amount of unitary taxable value that existed originally in the base year. The values of most public utility properties are now assessed as a single unit on a County-wide basis (referred to as unitary values). Railroad properties and utility owned parcels not included by SBE in the unitary assessment are referred to as Non-Unitary assessments.

Unitary tax revenues are distributed by 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 2%; (2) if utility tax revenues are insufficient to provide the same amount of revenue as in the previous year, allocation of the taxes would be reduced pro-rata County-wide; and (3) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are distributed to the local secured taxable values of the County.

According to the County Auditor-Controller, the Commission is expected to receive approximately $7,559 in unitary tax revenues in Fiscal Year 2010-11. For purposes of projecting Tax Revenues, it is assumed that the unitary tax revenues will stabilize at this amount thereafter.

Rate of Collections

Because the County has not adopted the statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), all Tax Revenues will reflect actual delinquencies in the collection of property taxes by the County. See "RISK FACTORS."

No Power to Tax

The Commission has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to Taxing Agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Revenues that would otherwise be available to pay the principal of, and interest on, the 2011A Bonds. Likewise, broadened property tax exemptions could have a similar effect. See " RISK FACTORS."

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 Redevelopment Law which provided 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 Redevelopment Law.

State Board of Equalization and Property Assessment Practices

On December 10, 1998, the SBE approved revisions to its guidelines regarding the valuation of intangible business and commercial property for property tax purposes. The SBE approved these revisions over the strong objections of the California Assessors Association, an organization representing all 58 County Assessors in California.

The Commission is not able to predict whether the revised SBE guidelines will cause any reductions in Tax Revenues. However, the Commission does not believe that the SBE's adoption of the revised guidelines will affect its ability to pay debt service on the 2011A Bonds.

Exclusion of Tax Increment Revenues for General Obligation Bonds Debt Service

An initiative to amend the California Constitution entitled "Property Tax Revenues - Redevelopment Agencies" was approved by California voters at the November 8, 1988 general election. Under prior law, a redevelopment agency using tax increment received additional property tax revenue whenever a local government increased its property tax rate to pay off its general obligation bonds. This initiative amended the California Constitution to allow the California Legislature to prohibit redevelopment agencies from receiving any of the property tax revenues raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness.

The initiative only applies to tax rates levied to finance general obligation bonds approved by the voters on or after January 1, 1989. Any revenue reduction to redevelopment agencies would depend on the number and value of the general obligation bonds approved by voters in prior years, which tax rate will reduce due to increased valuation subject to the tax or the retirement of the indebtedness.

Proposition 218

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles 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.

Tax Revenues securing the 2011A Bonds are derived from property taxes that are outside the scope of taxes, assessments and property-related fees and charges that were limited by Proposition 218.

Future Initiatives

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

Low and Moderate Income Housing

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the Redevelopment Law, requiring redevelopment agencies to set aside 20% of all tax increment allocated to redevelopment agencies from 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. Other statutes imposed this requirement on redevelopment plans adopted on or before December 31, 1976.

Housing Set-Aside may 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.

As explained above (see “SECURITY AND SOURCES OF PAYMENT FOR THE 2011A Bonds – Outstanding Parity Bonds”), 30.43% of the debt service on the 2003 Bonds is payable from Housing Set-Aside and 100% of the debt service on the 2011B Bonds is payable from Housing Set-Aside. The Commission intends to pay debt service on the 2011A Bonds and the Non-Housing 2003 Bonds solely from Non-Housing Tax Revenues. See “HISTORICAL AND ESTIMATED TAX REVENUES.”

AB 1290

In 1993, the California Legislature enacted Assembly Bill 1290 ("AB 1290") which contained several significant changes in the Redevelopment 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. Since then, the Legislature has amended the Redevelopment Law in a variety of ways that impacts the factors regulated by AB 1290.

The Redevelopment Plan for the East Side Project Area contains tax increment limitations that are in compliance with the Redevelopment Law. See "THE EAST SIDE PROJECT AREA."

Senate Bill 211

On October 10, 2001 the Governor of the State signed into law Senate Bill 211 ("SB 211"), which allows redevelopment agencies to eliminate the time limits on their ability to incur debt for project areas established prior to January 1, 1994. Additionally, SB 211 allows redevelopment agencies to extend the termination date of their redevelopment plans and the deadline for the receipt of tax increment for the repayment of debt by 10 years for project areas established prior to January 1, 1994.

In order to extend the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain findings of blight in the applicable project areas. In addition, if a redevelopment agency elects to extend the time limits on the incurrence of debt, the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain additional statutory pass-throughs to other taxing entities.

The Commission has not eliminated its time limit to incur indebtedness in connection with the East Side Project Area.

AB 1389 Reporting Requirements

AB 1389 requires redevelopment agencies, under certain circumstances, to submit reports to the office of the county auditor in the county in which they are located. These reports are required to include calculations of the tax increment revenues that redevelopment agencies have received and payments that redevelopment agencies have made pursuant to tax sharing agreements with taxing entities and statutory tax sharing.

County auditors are required to review the reports and, if they concur, issue a finding of concurrence. The State Controller is required to review such reports and submit a report to the Legislative Analyst's office and the Department of Finance identifying redevelopment agencies for which county auditors had not issued a finding of concurrence or are otherwise not in compliance with provisions of AB 1389. AB 1389 includes penalties for any redevelopment agency listed on the most recent State Controller's report, including a prohibition on issuing bonds or other obligations until the listed agency is removed from the State Controller's report.

The Agency has filed all reports required under AB 1389, and has been found to be in compliance by County Auditor and the State Controller's office.

Senate Bill 1045; Senate Bill 1096

Pursuant to Senate Bill 1045 ("SB 1045") in connection with adoption of statutes requiring an ERAF shift for fiscal year 2003-04, the State Legislature authorized amendments of redevelopment plans to extend by one year the time limit of the effectiveness of the plan and the time limit to repay indebtedness and receive Tax Increment. By adoption of Ordinance No. 03-674 on January 5, 2004, the City Council acted to extend the redevelopment plan effectiveness for the East Side Project Area by the one year authorized by SB 1045.

Pursuant to Senate Bill 1096 ("SB 1096") in connection with the adoption of statutes requiring an ERAF shift for fiscal years 2004-05 and 2005-06, the State Legislature authorized amendments of redevelopment plans to extend by one year the time limit of the effectiveness of the plan and the time limit to repay indebtedness and receive Tax Increment. The East Side Project Area is not eligible for any extension of its time limits pursuant to SB 1096.

Property Assessment Appeals

An assessee of locally assessed or state-assessed property may contest the taxable value enrolled by the county assessor or by the SBE, respectively. The assessee of 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.

Under Section 51(b) of the Revenue and Taxation Code, the assessor may place a value on the tax roll lower than the compounded base assessment value if the full cash value of real property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in the value. Reductions in value 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 which 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.

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 property within 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 County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals.

See "HISTORICAL AND ESTIMATED TAX REVENUES – Assessment Appeals" for a discussion of historic and pending appeals in the East Side Project Area.

Proposition 8 Assessed Value Reductions

In 1978, a Constitutional amendment was passed by the California voters (Proposition 8) that provides for a temporary reduction in assessed value when the Proposition 13 value of a property exceeds its actual market value. The property owner is entitled to the lower of two values: (1) the property's existing Proposition 13 value, which is the purchase price and/or the cost of new construction, annually adjusted for inflation not to exceed 2% per year; or (2) the property's market value as of the January 1 property tax lien date.

Once this temporary reduction in assessed value has been granted by the County Assessor, the Assessor must review the property's value annually until it is fully restored to its Proposition 13 value. Depending on the market value determined by such future reviews, the assessed value may be further adjusted, left unchanged, be partially increased or be fully restored to its Proposition 13 value.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to the qualifications set forth below, under existing law, the interest on the 2011A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions described in the preceding paragraph are subject to the condition that the Commission comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the 2011A Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Commission has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2011A Bonds.

In the further opinion of Bond Counsel, interest on the 2011A Bonds is exempt from California personal income taxes.

Owners of the 2011A Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2011A Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2011A Bonds other than as expressly described above.

The proposed form of opinion of Bond Counsel with respect to the 2011A Bonds to be delivered on the date of issuance of the 2011A Bonds is set forth in APPENDIX E.

CERTAIN LEGAL MATTERS

The validity of the 2011A Bonds and certain other legal matters are subject to the approving legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. A copy of the proposed form of Bond Counsel's opinion is contained in APPENDIX E to this Official Statement, and the final opinion will be made available to the owners of the 2011A Bonds at the time of delivery of the 2011A Bonds.

Certain legal matters will be passed upon for the Commission by Jones Hall, A Professional Law Corporation, as Disclosure Counsel to the Commission, and by the City Attorney of the City, as Agency Counsel. Certain legal matters will be passed upon for the Underwriter by Fulbright & Jaworski L.L.P., Los Angeles, California. Bond Counsel, Disclosure Counsel and Underwriter's Counsel will receive compensation that is contingent upon the sale and delivery of the 2011A Bonds.

ABSENCE OF MATERIAL LITIGATION

No material litigation is pending, with service of process having been accomplished or, to the knowledge of the Commission, threatened, concerning the validity of the 2011A Bonds, the corporate existence of the Commission, or the title of the officers of the Commission who will execute the 2011A Bonds as to their respective offices. The Commission will furnish to Underwriter of the 2011A Bonds a certificate of the Commission as to the foregoing as of the time of the original delivery of the 2011A Bonds.

CONTINUING DISCLOSURE

The Commission has covenanted for the benefit of owners of the 2011A Bonds to provide certain financial information and operating data relating to the Commission by not later than six and one-half months after the end of the Commission's fiscal year, or January 15 each year based on the Commission's current fiscal year end of June 30 (the "Annual Report") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the Commission is set forth in APPENDIX F.

The Commission has never failed to comply in all material respects with any previous undertaking with regard to Rule 15c2-12(b)(5) to provide annual reports or notices of listed events.

UNDERWRITING

The 2011A Bonds are being purchased through negotiation by Stone & Youngberg LLC (the "Underwriter") at a price equal to $29,900,515.75, which represents the principal amount of the 2011A Bonds, less original issue discount of $335,548.25, and less an Underwriter's discount of $323,936.00. The initial public offering prices of the 2011A Bonds may be changed from time to time by the Underwriter.

The Purchase Contract for the 2011A Bonds among the Commission, the West Hollywood Public Financing Authority (the "Authority") and the Underwriter provides that the Underwriter will purchase all the 2011A Bonds from the Authority if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract including, among others, the approval of certain legal matters by counsel.

RATING

Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P"), has assigned its municipal bond rating of "BBB" to the 2011A Bonds.

This rating reflects only the view of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Commission has provided

certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2011A Bonds may have an adverse effect on the market price or marketability of the 2011A Bonds.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the Commission.

WEST HOLLYWOOD COMMUNITY
DEVELOPMENT COMMISSION

By: /s/ Anil H. Gandhy
Anil H. Gandhy
Treasurer

APPENDIX A

CITY OF WEST HOLLYWOOD AND COUNTY OF LOS ANGELES ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information concerning the City of West Hollywood and surrounding areas are included only for the purpose of supplying general information regarding the areas in and surrounding the East Side Project Area. The 2011A Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

General Information

The City. The City of West Hollywood is centrally located, bordered by Beverly Hills on the west and Hollywood on the east. It encompasses a total area of 1.88 square miles within northern Los Angeles County.

Prior to incorporation, the City was a portion of unincorporated Los Angeles County. The City was incorporated on November 29, 1984, as a general law city. The City is governed by the City Council/Manager form of government which consists of an elected five-member board. The City is managed by a City Manager, who serves as chief executive officer of the City.

The County. Located along the southern coast of California, Los Angeles County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The county includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the County is mountainous and some 14 percent is a coastal plain known as the Los Angeles Basin. The low Santa Monica Mountains and Hollywood Hills run east and west and form the northern boundary of the Los Angeles Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the county is a semi-dry plateau, the beginning of the vast Mojave Desert.

Population

The following table shows population estimates for the City, the County and the State of California for the past five years.

CITY OF WEST HOLLYWOOD, LOS ANGELES COUNTY AND THE STATE OF CALIFORNIA
Population Estimates

Area	2006	2007	2008	2009	2010
City of West Hollywood	37,400	37,288	37,287	37,440	37,805
Los Angeles County	10,202,094	10,231,000	10,285,296	10,355,053	10,441,080
State of California	37,087,005	37,463,609	37,871,509	38,255,508	38,648,090

Source: State of California Department of Finance, Demographic Research Unit.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 is not comparable to that of prior years. A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during calendar year 2009 in the City were reported to be $982,585,000, a 13.13% decrease over the total taxable sales of $1,131,049,000 reported during calendar year 2008. Figures are not yet available for 2010.

CITY OF WEST HOLLYWOOD
Taxable Transactions
(Dollars In Thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
2005	1,211	832,439	2,158	1,002,770
2006	1,174	898,880	2,093	1,073,812
2007	1,207	952,739	2,145	1,137,572
2008	1,263	948,285	2,159	1,131,049
2009 (1)	1,362	833,761	2,000	982,585

(1) Data not comparable to prior years.
Source: State of California, Board of Equalization.

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 is not comparable to that of prior years. A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during calendar year 2009 in the County were reported to be $112,744,727,000, a 14.51% decrease over the total taxable sales of $131,881,744,000 reported during calendar year 2008. Figures are not yet available for 2010.

LOS ANGELES COUNTY
Taxable Transactions
(Dollars in Thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
2005	139,641	92,271,155	298,083	130,722,373
2006	142,512	95,554,193	295,701	136,162,552
2007	142,380	96,095,711	290,344	137,820,418
2008	146,999	89,810,309	289,802	131,881,744
2009 (1)	175,461	78,444,115	264,928	112,744,727

(1) Data not comparable to prior years.
Source: State of California, Board of Equalization.

Employment and Industry

The table below summarizes the labor force, employment and unemployment figures from 2005 through 2009 for Los Angeles County.

LOS ANGELES COUNTY
Annual Average Labor Force
Employment by Industry Group

	2005	2006	2007	2008	2009
Civilian Labor Force	4,771,400	4,797,400	4,863,800	4,924,500	4,896,100
Employment	4,516,000	4,568,200	4,617,100	4,557,300	4,328,600
Unemployment	255,400	229,300	246,700	367,200	567,500
Unemployment Rate	5.4%	4.8%	5.1%	7.5%	11.6%
Wage and Salary Employment: (1)					
Agriculture	7,400	7,600	7,500	6,900	6,200
Natural Resources and Mining	3,700	4,000	4,400	4,400	4,100
Construction	148,700	157,500	157,600	145,200	116,500
Manufacturing	471,700	461,700	449,200	434,500	389,200
Wholesale Trade	219,300	225,700	227,000	223,700	204,100
Retail Trade	414,400	423,300	426,000	416,500	386,600
Trans., Warehousing, Utilities	161,700	165,200	165,600	163,100	151,700
Information	207,600	205,600	209,800	210,300	193,700
Financial and Insurance	166,200	169,000	165,800	156,300	145,900
Real Estate, Rental & Leasing	77,800	79,800	80,300	79,400	74,300
Professional and Business Services	576,100	598,900	605,400	582,600	528,100
Educational and Health Services	471,300	478,700	490,500	503,400	513,900
Leisure and Hospitality	377,800	388,600	397,900	401,600	383,900
Other Services	144,300	145,200	147,100	146,100	137,900
Federal Government	53,500	52,300	51,100	51,100	50,000
State Government	78,200	79,500	81,000	82,400	82,200
Local Government	452,000	457,600	463,700	470,300	467,300
Total All Industries (2)	4,031,600	4,100,100	4,129,600	4,077,600	3,835,600

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) May not add due to rounding.
Source: State of California, Employment Development Department.

The table below lists the larger employers in the Los Angeles County area. Major private employers in the Los Angeles area include those in aerospace, health care, entertainment, electronics, retail and manufacturing. Major public sector employers include public universities and schools, the State of California and Los Angeles County.

LOS ANGELES COUNTY
Major Employers- Listed Alphabetically
2011

Employer Name	Location	Industry
American Honda Motor Co Inc	Torrance	Automobile & Truck Brokers (Whls)
California Institute Of Tech	Pasadena	Schools-Universities & Colleges Academic
California State-Northridge	Northridge	Crisis Intervention Service
Cedars Sinai Medical Ctr	West Hollywood	Physicians & Surgeons
Century Plaza Towers	Los Angeles	Office Buildings & Parks
Contractor State License Ctr	Burbank	Schools-Business & Vocational
Fire Command Control	Los Angeles	Fire Departments
Gold Coast Tire Co Inc	Los Angeles	Batteries-Storage-Retail
Kaiser Foundation Hospital	Los Angeles	Hospitals
Kaiser Permanente	Los Angeles	Physicians & Surgeons
LAC & USC Medical Ctr	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	City Government-Executive Offices
Long Beach Financial Mgmt	Long Beach	City Government-Finance & Taxation
Long Beach Memorial Medical	Long Beach	Hospitals
Los Angeles County Sheriff	Monterey Park	Sheriff
Los Angeles Police Dept	Los Angeles	Police Departments
Nestle USA	Glendale	Food Products & Manufacturers
Raytheon Space & Airborne Syst	El Segundo	Business Services Nec
Santa Monica College	Santa Monica	Schools-Universities & Colleges Academic
Six Flags Magic Mountain Inc	Valencia	Amusement & Theme Parks
Sony Pictures Entertainment	Culver City	Motion Picture Film-Distrs & Exchs
SynXis	Pasadena	Hotels & Motels
UCLA	Los Angeles	Schools-Universities & Colleges Academic
UCLA Health System	Los Angeles	Schools-Universities & Colleges Academic
Walt Disney Co	Burbank	Motion Picture Producers & Studios

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database.

Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2005 through 2009.

CITY OF WEST HOLLYWOOD
Building Permits Valuation
(dollars in thousands)

	2005	2006	2007	2008	2009
Permit Valuation					
New Single-family	$0.0	$1,003.6	$69.0	$310.5	$782.7
New Multi-family	0.0	23,139.0	19,641.4	2,614.2	420.0
Res. Alterations/Additions	6,555.0	8,010.3	11,714.5	6,167.0	6,362.9
Total Residential	6,555.0	32,152.8	31,424.9	9,091.7	7,565.6
New Commercial	0.0	967.2	20,000.0	124,144.1	621.6
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	591.3	1,461.1	3,085.6	1,787.2	723.5
Com. Alterations/Additions	3,045.0	8,443.5	53,174.3	23,865.2	13,818.8
Total Nonresidential	3,636.3	10,871.7	76,259.9	149,796.5	15,163.9
New Dwelling Units					
Single Family	0	6	1	1	4
Multiple Family	0	112	96	14	3
TOTAL	0	118	97	15	7

Source: Construction Industry Research Board, *Building Permit Summary*

LOS ANGELES COUNTY
Building Permit Valuations
(dollars in thousands)

	2005	2006	2007	2008	2009
Permit Valuation					
New Single-family	$2,915,511.7	$2,560,588.5	$2,560,588.5	$1,134,121.1	$798,305.0
New Multi-family	1,810,154.7	2,205,262.8	2,205,262.8	1,409,062.3	521,793.7
Res. Alterations/Additions	1,962,196.0	1,981,614.8	1,981,614.8	1,411,332.6	1,073,157.9
Total Residential	6,687,862.3	6,747,466.2	6,747,466.2	3,954,515.9	2,393,256.6
New Commercial	1,073,445.9	1,251,955.0	1,251,955.0	1,517,965.4	513,381.3
New Industrial	277,419.0	181,821.1	181,821.1	134,587.0	40,084.0
New Other	804,290.5	767,924.9	767,924.9	680,228.1	462,139.0
Com. Alterations/Additions	1,668,983.1	1,693,835.1	1,693,835.1	2,157,857.2	1,657,939.6
Total Nonresidential	3,824,138.4	3,895,536.1	3,895,536.1	4,490,637.8	2,673,543.9
New Dwelling Units					
Single Family	11,911	10,097	10,097	3,539	2,131
Multiple Family	13,736	16,251	16,251	10,165	3,522
TOTAL	25,647	26,348	26,348	13,704	5,653

Source: Construction Industry Research Board, *Building Permit Summary*

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County of Los Angeles, the State and the United States for the period 2005 through 2009.

LOS ANGELES COUNTY
Effective Buying Income
2005 through 2009

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2005	City of West Hollywood	$ 1,316,295	$38,836
	Los Angeles County	180,142,797	40,020
	California	720,798,106	44,681
	United States	5,894,663,363	40,529
2006	City of West Hollywood	$ 1,382,812	$40,162
	Los Angeles County	190,915,435	41,683
	California	764,120,963	46,275
	United States	6,107,092,244	41,255
2007	City of West Hollywood	$ 1,469,093	$42,134
	Los Angeles County	202,646,560	43,710
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of West Hollywood	$ 1,469,123	$42,672
	Los Angeles County	206,127,855	44,653
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of West Hollywood	$ 1,437,688	$43,163
	Los Angeles County	207,077,609	45,390
	California	844,823,319	49,736
	United States	6,571,536,768	43,252

Source: The Nielsen Company (US), Inc.

APPENDIX B

COMMISSION AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

APPENDIX C

FISCAL CONSULTANT'S REPORT

APPENDIX D

SUMMARY OF THE INDENTURE

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$30,560,000.00
West Hollywood Community Development Commission
East Side Redevelopment Project
2011 Tax Allocation Bonds, Series A
(Tax-Exempt, Non-Housing)

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the West Hollywood Community Development Commission (the "Commission") in connection with the issuance of the bonds captioned above (the "Bonds") under an Indenture of Trust, dated as of September 1, 2003, by and between the Commission and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as successor to BNY Western Trust Company, as supplemented by a First Supplement to Indenture of Trust dated as of March 1, 2011 (collectively, the "Indenture"), by and between the Commission and the Trustee.

The Commission covenants and agrees as follows:

1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Commission for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"*Annual Report Date*" means six and one-half months after the end of the Commission's fiscal year (which currently would be January 15 based upon the Commission's current June 30 fiscal year).

"Dissemination Agent" means The Bank of New York Mellon Trust Company, N.A., or any successor Dissemination Agent designated in writing by the Commission and which has filed with the Commission a written acceptance of such designation.

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

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the Commission in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Stone & Youngberg LLC, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

3. Provision of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 15, 2012, with the report for the 2010-11 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Commission shall provide the Annual Report to the Dissemination Agent (if other than the Commission). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Commission) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Commission to determine if the Commission is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Commission may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Commission's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Commission shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Commission hereunder. The Dissemination Agent may conclusively rely upon such certification of the Commission and shall have no duty or obligation to review any Annual Report.

(b) If the Commission does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Commission shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to the Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Commission, file a report with the Commission certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

4. Content of Annual Reports. The Commission's Annual Report shall contain or incorporate by reference the following:

(a) The Commission's Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Commission's audited financial statements are not available by the Annual Report Date, the Annual Report shall

contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Commission for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement for the Bonds, as follows:

(i) A summary of Commission indebtedness payable from tax increment generated with respect to the East Side Project Area, including the amount outstanding as of June 30 of the preceding fiscal year.

(ii) A summary of assessed valuations in the East Side Project Area for the preceding fiscal year by land use category in substantially the form of Table 1, entitled "East Side Project Area Land Use Categories."

(iii) A statement of largest property tax payers in the East Side Project Area for the preceding fiscal year in substantially the form of Table 2, entitled "East Side Project Area Top Ten Taxpayers."

(iv) A summary of assessed values and Tax Revenues in substantially the form of Table 3, entitled "East Side Project Area Historical Taxable Values and Tax Increment Revenues," but only for the most recently completed fiscal year.

(v) A statement of debt service coverage on the Bonds for the most recent fiscal year in substantially the form of Table 6A, entitled "Debt Service Coverage Projections."

(vi) A summary of the status of assessment appeals for the preceding fiscal year in substantially the form of the section entitled "HISTORIC AND ESTIMATED TAX REVENUES – Outstanding Appeals for Reduction of Assessed Valuation."

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Commission shall provide such further material 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.

(d) 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 Commission or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Commission shall clearly identify each such other document so included by reference.

5. <u>Reporting of Listed Events</u>.

(a) The Commission shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the Commission or other obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the Commission or an obligated person, or the sale of all or substantially all of the assets of the Commission or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Commission obtains knowledge of the occurrence of a Listed Event, the Commission shall, or shall cause the Dissemination Agent (if not the Commission) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above 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 under the Indenture.

(c) The Commission acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain

the qualifier "if material." The Commission shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Commission determines the event's occurrence is material for purposes of U.S. federal securities law.

6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

7. Termination of Reporting Obligation. The obligations of the Commission under this Disclosure Certificate shall terminate upon the legal defeasance or payment in full of all of the Bonds. If such termination occurs prior to the final maturity date of the Bonds, the Commission shall give notice of such termination in the same manner as for a Listed Event under Section 5.

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Commission 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, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; and

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the owners or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Commission 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 filed in the same manner as for a Listed Event under Section 5(c).

9. Dissemination Agent. The Commission 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 Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Commission and the Trustee. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A.

10. Duties, Immunities and Liabilities of Dissemination Agent. Article VI of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Commission agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder (including, without limitation, any alleged violations of the Securities Exchange Act of 1934, as amended), 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 Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Neither the Trustee nor the Dissemination Agent shall be responsible for the accuracy or validity of any information contained in any Annual Report or report of a Listed Event prepared by the Commission under this Disclosure Certificate.

11. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Commission 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 Commission 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 Commission 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Commission, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Default. In the event of a failure of the Commission to comply with any provision of this Disclosure Certificate, any Owner 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 Commission, as the case may be, 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 Commission to comply with this Disclosure Certificate shall be an action to compel performance.

Date: March 7, 2011

WEST HOLLYWOOD COMMUNITY
DEVELOPMENT COMMISSION

By: _____
Anil H. Gandhy
Treasurer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: West Hollywood Community Development Commission

Name of Issue: West Hollywood Community Development Commission
East Side Redevelopment Project
2011 Tax Allocation Bonds, Series A
(Tax-Exempt, Non-Housing)

Date of Issuance: March 7, 2011

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the West Hollywood Community Development Commission (the " Commission ") has not provided an Annual Report with respect to the above-named Bonds as required by the First Supplement to Indenture of Trust dated as of March 1, 2011, relating to the Bonds. The Commission anticipates that the Annual Report will be filed by _____.

Dated: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: _____
Authorized Representative

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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.

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

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEW ISSUE - BOOK-ENTRY ONLY **RATING:**
S&P: "BBB"
(See "Rating")

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2011B Bonds is exempt from California personal income taxes. The interest on the 2011B Bonds is not excluded from gross income for federal income tax purposes and is subject to all applicable federal income taxation. See "Tax Matters."

$9,420,000
West Hollywood Community Development Commission
East Side Redevelopment Project
2011 Tax Allocation Bonds, Series B
(Federally Taxable, Housing)

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

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Authority for Issuance. The West Hollywood Community Development Commission (the "Commission") is issuing the bonds captioned above (the "2011B Bonds") under an Indenture of Trust, dated as of September 1, 2003, by and between the Commission and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as successor to BNY Western Trust Company, as supplemented to date, and further supplemented by a Second Supplement to Indenture of Trust dated as of March 1, 2011 (collectively, the "Indenture"), by and between the Commission and the Trustee.

Purposes. The 2011B Bonds are being issued to (i) finance low and moderate income housing activities in the City of West Hollywood (the "City"), (ii) increase the amount on deposit in the debt service reserve fund for the 2011B Bonds and certain parity bonds, and (iii) pay the costs of issuance of the 2011B Bonds. See "PLAN OF FINANCE."

Security. The 2011B Bonds are limited obligations of the Commission secured by a pledge of, security interest in, and lien on all of the "Tax Revenues" and a pledge of and lien upon all of the moneys in certain funds and accounts established under the Indenture. Except for the Tax Revenues and such moneys, no funds or properties of the Commission are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2011B Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011B BONDS."

Outstanding Parity Bonds. The pledge of Tax Revenues securing the 2011B Bonds is on a parity with an outstanding series of tax allocation bonds issued by the Commission in 2003, and with a series of tax allocation bonds to be issued concurrently with the 2011B Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011B BONDS - Outstanding Parity Debt."

Book-Entry Form. The 2011B Bonds will be issued in book-entry form, initially registered in the name of Cede & Co. as nominee of the Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the 2011B Bonds. Individual purchases of the 2011B Bonds will be in book-entry form only, and in principal amounts of $5,000 or any integral multiple thereof. Purchasers will not receive physical certificates representing their interests in the 2011B Bonds. Principal of, interest on and redemption premium, if any, on the 2011B Bonds will be paid by the Trustee directly to DTC, which in turn is obligated to remit such principal, interest and redemption premium, if any, to DTC Participants for subsequent disbursement to the Beneficial Owners of the 2011B Bonds. See APPENDIX G–"DTC and the Book–Entry Only System."

Interest and Principal. Interest on the 2011B Bonds will be payable on each March 1 and September 1 of each year, commencing September 1, 2011 at the respective rates set forth on the inside cover page. Principal of the 2011B Bonds is payable on the dates and in the respective principal amounts set forth on the inside cover page.

Redemption. The 2011B Bonds are subject to optional and mandatory sinking account redemption before maturity. See "THE 2011B BONDS–Redemption Provisions."

Risk Factors. For a discussion of some of the risks associated with the purchase of the 2011B Bonds, see "RISK FACTORS."

NEITHER THE 2011B BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) AND NEITHER THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) ARE LIABLE FOR THE 2011B BONDS. THE 2011B BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE CITY NOR THE COMMISSION NOR ANY PERSONS EXECUTING THE 2011B BONDS ARE LIABLE PERSONALLY ON THE 2011B BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

The 2011B Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the Commission by Jones Hall, A Professional Law Corporation, as disclosure counsel to the Commission, and by the City Attorney of the City of West Hollywood in his capacity as Agency Counsel. Certain legal matters will be passed upon for the Underwriter by Fulbright & Jaworski L.L.P., Los Angeles, California. It is anticipated that the 2011B Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about March 7, 2011.

STONE & YOUNGBERG

Dated: March 2, 2011

MATURITY SCHEDULE*

Base CUSIP†: 953322

$1,125,000 Serial Bonds

Maturity	Principal Amount	Interest Rate	Price or Yield	CUSIP No.†
9/1/11	$525,000	3.000%	100.000%	BN3
9/1/12	60,000	3.500	100.000	BP8
9/1/13	45,000	4.500	100.000	BQ6
9/1/14	50,000	5.500	100.000	BR4
9/1/15	50,000	6.250	100.000	BS2
9/1/16	55,000	6.750	100.000	BT0
9/1/17	60,000	7.250	100.000	BU7
9/1/18	60,000	7.750	100.000	BV5
9/1/19	65,000	8.000	8.125	BW3
9/1/20	75,000	8.250	8.500	BX1
9/1/21	80,000	8.500	8.875	BY9

$525,000 9.250% Term Bonds due September 1, 2026, Priced to Yield 9.375%
CUSIP† BZ6 $815,000 9.500% Term Bonds due September 1, 2031, Priced to Yield 9.750%
CUSIP† CA0

$6,955,000 9.500% Term Bonds due September 1, 2042, Priced to Yield 10.000%CUSIP† CB8

† Copyright 2011, American Bankers Association. CUSIP numbers herein are provided by Standard & Poor's CUSIP Service Bureau, a Division of the McGraw-Hill Companies, Inc., and are set forth herein for the convenience of reference only. The Commission, Bond Counsel, Disclosure Counsel and the Underwriter do not assume responsibility for the accuracy of such numbers.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Purpose. This Official Statement is submitted in connection with the sale of the 2011B Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

No Offering May Be Made Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Commission to give any information or to make any representations other than those contained in this Official Statement. If any other information or representations are given or made, such other information or representations must not be relied upon as having been authorized by the Commission.

No Unlawful Offers to Sell or Solicitations of Offers to Buy. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such an offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or an offer or solicitation to any person to whom it is unlawful to make such an offer or solicitation.

Not a Contract. This Official Statement is not to be construed as a contract with the purchasers of the 2011B Bonds.

Estimates and Forecasts. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described, are intended solely as such and are not to be construed as representations of facts.

Internet Addresses. Any Internet addresses included in the Official Statement are included for reference only, and the information on any such Internet sites is not a part of this Official Statement or incorporated by reference into this Official Statement. The City maintains a website that includes information about the Commission. The information on the City's website is not a part of this Official Statement and it is not incorporated by reference into this Official Statement.

Preparation of this Document. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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.

No Updates Will Be Provided. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2011B Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Commission or any other parties described in this Official Statement since the date of this Official Statement.

Document Summaries. All summaries of the Indenture, other documents and certain California statutes are made subject to the provisions of those documents and statutes, respectively, and do not purport to be complete statements of those documents and statutes. Copies of the documents summarized in this Official Statement are on file with the Commission.

No Registration with the SEC. The issuance and sale of the 2011B Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Stabilization of Bond Market Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the 2011B Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue market stabilization at any time. The Underwriter may offer and sell the 2011B Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Estimates and Projections. 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," "expect," "estimate," "project," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause 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. The Commission does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

CITY OF WEST HOLLYWOOD
WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION

CITY COUNCIL AND COMMISSION MEMBERS

John Heilman,
Mayor and Commission Chair

John J. Duran,
Mayor Pro Tempore and Commission Vice Chair

Lindsey Horvath,
City Council and Commission Member

Abbe Land,
City Council and Commission Member

Jeffrey Prang,
City Council and Commission Member

CITY AND COMMISSION STAFF

Paul Arevalo
City Manager and Executive Director of the Commission

Anil H. Gandhy
City Finance Director and Treasurer of the Commission

Michael Jenkins
City Attorney and Counsel to the Commission

Thomas R. West
City Clerk and Secretary of the Commission

Allyne Winderman,
City Housing Director and Deputy Executive Director of the Commission

SPECIAL SERVICES

Jones Hall, A Professional Law Corporation
San Francisco, California
Bond Counsel and Disclosure Counsel

RR Brown & Co. LLP
Denver, Colorado
Financial Advisor

HdL Coren & Cone
Diamond Bar, California
Fiscal Consultant

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California
Trustee

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REGIONAL MAP

OFFICIAL STATEMENT

$9,420,000
West Hollywood Community Development Commission
East Side Redevelopment Project
2011 Tax Allocation Bonds, Series B
(Federally Taxable, Housing)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the bonds captioned above (the "2011B Bonds"), and a full review should be made of the entire Official Statement including the cover page, the table of contents and the appendices for a more complete description of the terms of the 2011B Bonds. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of provisions of, any other documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions of such documents.

Authority for Issuance

The West Hollywood Community Development Commission (the "Commission") is issuing the 2011B Bonds under the Community Redevelopment Law (constituting Part 1 of Division 24 of the Health and Safety Code of the State of California) (the "Redevelopment Law"), a resolution of the Commission adopted on February 22, 2011 (the "Resolution"), and an Indenture of Trust, dated as of September 1, 2003, by and between the Commission and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as successor to BNY Western Trust Company, as supplemented to date, and further supplemented by a Second Supplement to Indenture of Trust dated as of March 1, 2011 (collectively, the "Indenture"), by and between the Commission and the Trustee.

The Commission

The City activated the Commission in 1997 under the Redevelopment Law. The five members of the City Council also serve as members of the Commission and exercise all rights, powers, duties and privileges of the Commission. See "THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION."

The Commission adopted a redevelopment plan (the "East Side Redevelopment Plan") for the East Side Project Area in 1997. The East Side Project Area consists of approximately 338 acres or approximately 28% of the area of the City. See "THE EAST SIDE PROJECT AREA" and "HISTORICAL AND ESTIMATED TAX REVENUES."

The City

The City is located in the County of Los Angeles (the "County"). The City was incorporated in 1984 and operates as a general law city. The City has a Council-Manager form of government. Five council members, including a mayor, are elected at large. For certain information with respect to the City, see APPENDIX A.

Purposes

The 2011B Bonds are being issued to (i) finance low and moderate income housing activities in the City of West Hollywood (the "City"), (ii) increase the amount on deposit in the debt service reserve fund for the Bonds, and (iii) pay the costs of issuance of the 2011B Bonds. See "PLAN OF FINANCE."

Security for the 2011B Bonds

The 2011B Bonds are limited obligations of the Commission secured by a first pledge of, security interest in, and lien on all of the "Tax Revenues," which is generally defined in the Indenture as that portion of taxes levied upon assessable property within the East Side Project Area allocated to the Commission under the Redevelopment Law, with certain exceptions described in this Official Statement. The 2011B Bonds are also secured by a pledge of and lien upon all of the moneys in the Special Fund and the Debt Service Fund established under the Indenture.

See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011B BONDS."

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a designated redevelopment project area. A redevelopment agency establishes the taxable valuation of a project area as last equalized before the adoption of the redevelopment plan, or base roll (the "Base Year Valuation"). Subsequently, the taxing agencies receive the taxes produced by the levy of the then-current tax rate upon the Base Year Valuation (except for any period during which the taxable valuation drops below the Base Year Valuation).

Taxes collected upon any increase in taxable valuation over the Base Year are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Twenty percent of taxes allocated to a redevelopment agency are set aside in a separate fund to develop and maintain low- and moderate-income housing in the City; these taxes are referred to as "Housing Set-Aside" in this Official Statement. Redevelopment agencies themselves have no taxing power.

Outstanding Parity Bonds

The pledge of Tax Revenues securing the 2011B Bonds is on a parity with the pledge thereof securing the following tax allocation bonds issued under the Indenture:

- West Hollywood Community Development Commission East Side Redevelopment Project Tax Allocation Bonds, 2003 Tax Allocation Bonds (the "2003 Bonds"), which were issued in the original principal amount of $11,500,000. Because 30.43% of the proceeds of the 2003 Bonds was used to finance low- and moderate-income housing projects in the City, 30.43% of the debt service on the 2003 Bonds is payable from Housing Set-Aside. The Commission intends to pay 30.43% of the debt service on the 2003 Bonds with Housing Set-Aside. The remaining debt service on the 2003 Bonds is payable from the tax increment that the Commission is not required to

deposit into its Low and Moderate Income Housing Fund ("Non-Housing Tax Revenues").

- West Hollywood Community Development Commission East Side Redevelopment Project 2011 Tax Allocation Bonds, Series A (Tax-Exempt, Non-Housing) (the "2011A Bonds"), which the Commission intends to issue concurrently with the 2011B Bonds in the principal amount of $30,560,000. Because none of the proceeds of the 2011A Bonds will be used to finance low- and moderate-income housing projects in the City, none of the debt service on the 2011A Bonds is payable from Housing Set-Aside; debt service on the 2011A Bonds is payable solely from Non-Housing Tax Revenues.

The 2011B Bonds, the 2011A Bonds and the 2003 Bonds are referred to collectively in this Official Statement as the "Bonds."

Because 100% of the proceeds of the 2011B Bonds will be used to finance low- and moderate-income housing projects in the City, 100% of the debt service on the 2011B Bonds is payable from Housing Set-Aside. The Commission intends to pay 100% of the debt service on the 2011B Bonds with Housing Set-Aside.

See "DEBT SERVICE SCHEDULE," "SECURITY AND SOURCES OF PAYMENT FOR THE 2011B BONDS–Outstanding Parity Bonds" and "HISTORICAL AND ESTIMATED TAX REVENUES."

Debt Service Reserve Account

Under the Indenture, the Trustee has previously established the Reserve Account for the Bonds, which is to be maintained in an amount equal to the Reserve Requirement (as defined herein) for the Bonds. The Reserve Account was originally established in connection with the issuance of the 2003 Bonds. On the Closing Date, the Trustee will deposit a portion of the proceeds of the 2011B Bonds equal to $757,630.24 into the Reserve Account, which, along with a deposit of a portion of the proceeds of the 2011A Bonds, will bring the amount on deposit therein to the Reserve Requirement. See "PLAN OF FINANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2011B BONDS–Reserve Account."

Limited Obligation

NEITHER THE 2011B BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) AND NEITHER THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) ARE LIABLE FOR THE 2011B BONDS. THE 2011B BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE CITY NOR THE COMMISSION NOR ANY PERSONS EXECUTING THE 2011B BONDS ARE LIABLE PERSONALLY ON THE 2011B BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

Additional Information

Definitions of certain terms used in this Official Statement are set forth in "APPENDIX D - SUMMARY OF INDENTURE - Definitions." This Official Statement contains brief descriptions

of, among other things, the 2011B Bonds, the Indenture, the Commission and the East Side Project Area. These descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by reference to those documents, and references to the 2011B Bonds are qualified in their entirety by reference to the form of bond included in the Indenture.

Copies of the Indenture and other documents described in this Official Statement may be obtained from the Trustee.

Changes Since Preliminary Official Statement

In addition to pricing-related information, this Official Statement contains the following changes from the Preliminary Official Statement dated February 23, 2011, as supplemented as of February 25, 2011:

- a revised and updated description of the draft legislation to eliminate redevelopment agencies and restrict redevelopment activities (see "RISK FACTORS – Impact of State Budgets") and

- the Commission has agreed in the Indenture that it will not satisfy the Reserve Requirement for the Reserve Account by any means other than a cash deposit.

PLAN OF FINANCE

Purposes

The Commission will use the proceeds of the 2011B Bonds to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the East Side Project Area. Proceeds of the 2011B Bonds will also be used to fund a reserve fund for the Bonds and to pay certain costs of issuing the 2011B Bonds.

None of the projects financed with proceeds of the 2011B Bonds are security for the 2011B Bonds.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2011B Bonds are as follows:

Sources:	
Principal Amount	$9,420,000.00
Less Original Issue Discount	(358,963.40)
Total Sources	**$9,061,036.60**
Uses:	
Redevelopment Fund [1]	$8,129,452.54
Reserve Account [2]	757,630.24
Underwriter's Discount	99,852.00
Costs of Issuance [3]	74,101.82
Total Uses	**$9,061,036.60**

[1] To be used to finance additional low and moderate income housing activities in the East Side Project Area.

[2] Represents the amount needed to bring the amount in the Reserve Account to the Reserve Requirement following the issuance of the 2011B Bonds. Concurrently with issuance of the 2011B Bonds, the Commission will issue the 2011A Bonds and deposit a portion of the proceeds of the 2011A Bonds into the Reserve Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011B BONDS - Reserve Account."

[3] Includes the fees and expenses of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Trustee, and the Fiscal Consultant, printing costs, rating agency fees and other costs related to the issuance of the 2011B Bonds.

THE 2011B BONDS

This section provides summaries of the terms of the 2011B Bonds and certain provisions of the Indenture. See APPENDIX D for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX D.

Description

General. The 2011B Bonds will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on March 1 and September 1 (each, an "Interest Payment Date"), commencing September 1, 2011, and will mature on the dates and in the amounts set forth on the inside cover page hereof.

The 2011B Bonds will be issued in denominations of $5,000 or any integral multiple thereof.

Fully Registered Form. The 2011B Bonds will be issued only as one fully registered 2011B Bond for each series and maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. See APPENDIX G–"DTC and the Book-Entry Only System." Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Indenture.

Calculation of Interest. Each 2011B Bond will be dated the Closing Date, and will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication; (b) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (c) a Bond is authenticated on or before August 15, 2011, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any 2011B Bond, interest thereon is in default, such 2011B Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The 2011B Bonds shall mature and shall bear interest calculated on the basis of a 360-day year of twelve 30-day months.

Payment of Interest and Principal. Interest on the 2011B Bonds will be payable semiannually on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed on the applicable Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books as of such Record Date; provided however, that payment of interest may be by wire transfer to any registered owner of Bonds in the aggregate principal amount of $1,000,000 or more who furnish written wire instructions to the Trustee before the applicable Record Date.

Principal of and redemption premium (if any) on any Bond will be paid upon presentation and surrender thereof, at maturity or redemption, at the Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the 2011B Bonds will be payable in lawful money of the United States of America.

While the 2011B Bonds are held in the book-entry only system of DTC, all such payments will be made to Cede & Co., as the registered Owner of the 2011B Bonds. See APPENDIX G.

Redemption Provisions

Optional Redemption. The 2011B Bonds maturing on or before September 1, 2021, are not subject to redemption prior to their respective stated maturities.

The 2011B Bonds maturing on or after September 1, 2022, are subject to redemption in whole, or in part among maturities as determined by the Commission and by lot within a maturity, on any date commencing September 1, 2021, at the option of the Commission from any available source of funds, at a redemption price equal to the principal amount of the 2011B Bonds to be redeemed, together with accrued interest to the redemption date, without premium.

***Mandatory Sinking Account Redemption*.** The 2011B Bonds maturing September 1, 2026, September 1, 2031 and September 1, 2042 (the "Term 2011B Bonds"), are also subject to mandatory redemption in part by lot on September 1, 2022, September 1, 2027 and September 1, 2032, respectively, as set forth in the following tables, from Sinking Account payments made by the Commission under the Indenture at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof will be purchased in whole or in part, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables.

However, if some but not all of the Term 2011B Bonds of a maturity have been redeemed through optional redemption, the total amount of all applicable future Sinking Account payments will be reduced by the aggregate principal amount of Term 2011B Bonds so redeemed, to be allocated among such Sinking Account payment in integral multiples of $5,000 as determined by the Commission.

Term 2011B Bonds Maturing September 1, 2026

Sinking Account Redemption Date (September 1)	Principal Amount To Be Redeemed or Purchased
2022	$85,000
2023	95,000
2024	105,000
2025	115,000
2026 (maturity)	125,000

Term 2011B Bonds Maturing September 1, 2031

Sinking Account Redemption Date (September 1)	Principal Amount To Be Redeemed or Purchased
2027	$135,000
2028	150,000
2029	160,000
2030	175,000
2031 (maturity)	195,000

Term 2011B Bonds Maturing September 1, 2042

Sinking Account Redemption Date (September 1)	Principal Amount To Be Redeemed or Purchased
2032	$210,000
2033	230,000
2034	495,000
2035	540,000
2036	585,000
2037	640,000
2038	705,000
2039	770,000
2040	845,000
2041	925,000
2042 (maturity)	1,010,000

Purchase in Lieu of Redemption. In lieu of mandatory sinking account redemption of Term 2011B Bonds, amounts on deposit in the Special Fund as Sinking Account payments may also be used and withdrawn by the Commission for the purchase of the Term 2011B Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Commission may in its discretion determine.

The par amount of any of the Term 2011B Bonds so purchased by the Commission and surrendered to the Trustee for cancellation in any twelve-month period ending on July 1 in any year will be credited towards and will reduce the par amount of the Term 2011B Bonds otherwise required to be redeemed on the following September 1 of such year through mandatory sinking account redemption.

Notice of Redemption. The Trustee on behalf and at the expense of the Commission will mail (by first class mail, postage prepaid) notice of any redemption at least 30 but not more than 60 days prior to the redemption date, to (i) the Owners of any 2011B Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Written Request of the Commission filed with the Trustee; but such mailing is not a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such 2011B Bonds or the cessation of the accrual of interest thereon.

Rescission of Redemption. The Commission will have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption will be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2011B Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The Commission and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption.

***Selection of 2011B Bonds for Redemption*.** Whenever any 2011B Bonds or portions thereof are to be selected for redemption by lot, the Trustee will make such selection, in such manner as the Trustee deems appropriate. In the event of redemption by lot of 2011B Bonds, the Trustee will assign to each 2011B Bond then Outstanding a distinctive number for each $5,000 of the principal amount of each such 2011B Bond. The 2011B Bonds to be redeemed will be the 2011B Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such 2011B Bond of a denomination of more than $5,000 will be redeemed as equals $5,000 for each number assigned to it and so selected.

Partial Redemption. If only a portion of any 2011B Bond is called for redemption, then upon surrender of such 2011B Bond the Commission will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Commission, a new 2011B Bond or 2011B Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2011B Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the 2011B Bonds so called for redemption are duly deposited with the Trustee, such 2011B Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest will accrue thereon from and after the redemption date specified in such notice.

DEBT SERVICE SCHEDULE

Set forth below is the annualized debt service schedule for the 2011B Bonds.

Year Ending Sept. 1	2011B Bonds Interest*	2011B Bonds Principal	2011B Bonds Total*
2011	$407,625	$525,000	$932,625
2012	827,612	60,000	887,612
2013	825,512	45,000	870,512
2014	823,487	50,000	873,487
2015	820,737	50,000	870,737
2016	817,612	55,000	872,612
2017	813,900	60,000	873,900
2018	809,550	60,000	869,550
2019	804,900	65,000	869,900
2020	799,700	75,000	874,700
2021	793,512	80,000	873,512
2022	786,712	85,000	871,712
2023	778,850	95,000	873,850
2024	770,062	105,000	875,062
2025	760,350	115,000	875,350
2026	749,712	125,000	874,712
2027	738,150	135,000	873,150
2028	725,325	150,000	875,325
2029	711,075	160,000	871,075
2030	695,875	175,000	870,875
2031	679,250	195,000	874,250
2032	660,725	210,000	870,725
2033	640,775	230,000	870,775
2034	618,925	495,000	1,113,925
2035	571,900	540,000	1,111,900
2036	520,600	585,000	1,105,600
2037	465,025	640,000	1,105,025
2038	404,225	705,000	1,109,225
2039	337,250	770,000	1,107,250
2040	264,100	845,000	1,109,100
2041	183,825	925,000	1,108,825
2042	95,950	1,010,000	1,105,950
Total:	**$20,702,812**	**$9,420,000**	**$30,122,812**

* Rounded.

SECURITY AND SOURCES OF PAYMENT FOR THE 2011B BONDS

This section provides summaries of the security for the 2011B Bonds and certain provisions of the Indenture. See APPENDIX D for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX D.

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected by a redevelopment agency within a redevelopment project area.

The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then-current tax rate upon the base roll.

Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project.

Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as above indicated.

Allocation of Taxes

Allocation of Taxes Under the Redevelopment Law. As provided in the East Side Redevelopment Plan, and under Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the East Side Project Area each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies"), for fiscal years beginning after the effective date of the East Side Redevelopment Plan, will be divided as follows:

1. *To Taxing Agencies:* The 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 Taxing Agencies upon the total sum of the assessed value of the taxable property in the East Side Project Area as shown upon the assessment roll used in connection with the taxation of such property by such Taxing Agency last equalized before the establishment of the East Side Project Area will be allocated to, and when collected will be paid into the funds of, the respective Taxing Agencies as taxes by or for those Taxing Agencies.

2. *To the Commission:* The portion of such levied taxes each year in excess of such amount will be allocated to, and when collected will be paid into a special fund of, the Commission to the extent necessary to pay indebtedness of the Commission, including but not limited to its obligation to pay the principal of, prepayment premium (if any) and interest on the Bonds and to replenish the Reserve Fund established for the Bonds.

Possible Limitations on Tax Revenues. The Commission has no power to levy and collect property taxes. The amount of Tax Revenues that would otherwise be available to pay the Commission's obligations, and thus the amount of Revenues available to pay the principal of, premium (if any) and interest on the Bonds, could be reduced by (a) any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to

Taxing Agencies that have the effect of reducing the property tax rate, (b) broadened property tax exemptions, and (c) amounts payable under the Tax Sharing Agreement or any further tax sharing agreements or arrangements entered into by the Commission. See "BOND OWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES."

Pledge of Tax Revenues

Pledge of Tax Revenues and Amounts Held Under Indenture. The 2011B Bonds are limited obligations of the Commission secured by a pledge of, security interest in, and lien on all of the "Tax Revenues" and a pledge of and lien upon all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account established under the Indenture.

This pledge securing the 2011B Bonds is on a parity with the pledge of Tax Revenues securing the 2003 Bonds, the 2011A Bonds, and any additional Parity Debt issued in the future. See "-Outstanding Parity Bonds" and "-Parity Debt and Subordinate Debt" below.

Tax Revenues. "Tax Revenues" are defined in the Indenture as moneys allocated within the Plan Limitations and paid to the Commission derived from:

(a) that portion of taxes levied upon assessable property within the East Side Project Area allocated to the Commission pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, and

(b) reimbursements, subventions (but excluding payments to the Commission with respect to personal property within the East Side Project Area pursuant to Sections 16110, et seq., of the California Government Code) or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and

(c) that portion of such taxes otherwise required by Section 33334.3 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds and any Parity Debt (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Redevelopment Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the East Side Project Area. This portion of the tax increment allocated to the Agency in the East Side Project Area is referred to in this Official Statement as "Housing Set-Aside."

Because the net proceeds of the 2011B Bonds will be deposited into Housing Bond Proceeds Account of the Redevelopment Fund, the Tax Revenues available to pay debt service on the 2011B Bonds includes the Housing Set-Aside. A 30.43% portion of the proceeds of the 2003 Bonds was deposited into the Housing Bond Proceeds Account of the Redevelopment Fund; consequently, Tax Revenues available to pay debt service on 30.43% of the debt service on the 2003 Bonds (the "Housing Portion of the 2003 Bonds") includes the Housing Set-Aside on a parity with the 2011B Bonds.

Limited Obligation of the Commission. Except for the Tax Revenues and such moneys on deposit from time to time under the Indenture, no funds or properties of the Commission are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2011B Bonds.

NEITHER THE 2011B BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) AND NEITHER THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) IS LIABLE THEREFOR. THE 2011B BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE CITY COUNCIL, THE COMMISSION NOR ANY PERSONS EXECUTING THE 2011B BONDS ARE LIABLE PERSONALLY ON THE 2011B BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

Flow of Funds

Under the Indenture, the Commission is required to deposit all of the Tax Revenues received in any Bond Year in the Special Fund (which is established under the Indenture and held by the Commission) promptly upon receipt thereof by the Commission, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for deposit into the following accounts of the Debt Service Fund in the following order of priority:

(a) ***Interest Account*****.** On or before the 10th Business Day preceding each Interest Payment Date, the Commission will withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date.

No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds.

All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

(b) ***Principal Account*****.** On or before the 10th Business Day preceding September 1 in each year in which principal of the Bonds is due and payable, the Commission will withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and any maturing Term Bonds on the next Interest Payment Date.

No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next Interest Payment Date on all of the Outstanding Serial Bonds and any maturing Term Bonds.

All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and maturing Term Bonds as it becomes due and payable.

(c) ***Sinking Account***. On or before the 10th Business Day preceding each September 1 on which any Outstanding Term Bonds are subject to mandatory redemption, the Commission will withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such September 1 under the Indenture.

All moneys on deposit in the Sinking Account will be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it becomes due and payable upon redemption under the Indenture.

(d) ***Reserve Account***. If prior to any Interest Payment Date the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Trustee will promptly notify the Commission of such fact. Promptly upon receipt of any such notice, the Commission will withdraw from the Special Fund and transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account.

If there is then not sufficient moneys in the Special Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Commission will be obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there is on deposit therein a sum at least equal to the Reserve Requirement.

All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Commission is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement will be withdrawn from the Reserve Account semiannually on or before March 1 and September 1 by the Trustee and deposited in the Interest Account.

(e) ***Surplus*****.** The Commission will not be required to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required to be transferred to the Trustee from the Special Fund with respect to such Bond Year. In the event that, for any reason whatsoever, any amount remains on deposit in the Special Fund on the last day of any Bond Year (being the applicable September 1) after making all of the transfers from the Special Fund with respect to such Bond Year theretofore required to be made under the Indenture, the Commission may withdraw such amount from the Special Fund to be used for any lawful purpose of the Commission.

(f) ***Redemption Account*****.** On or before the 5th Business Day preceding any redemption date on which Bonds are to be redeemed through optional redemption, the Commission will withdraw from the Special Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such redemption date. All moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed on the date set for such redemption.

Reserve Account

Establishment and Funding. Under the Indenture, the Trustee has previously established the Reserve Account for the Bonds, which is to be maintained in an amount equal to the Reserve Requirement (as defined below) for the Bonds. The Reserve Account was originally established in connection with the issuance of the 2003 Bonds.

On the Closing Date, the Trustee will deposit a portion of the proceeds of the 2011B Bonds equal to $757,630.24 into the Reserve Account to bring the amount on deposit therein to the Reserve Requirement. Concurrently with issuance of the 2011B Bonds, the Commission will issue the 2011A Bonds and deposit a portion of the proceeds of the 2011A Bonds into the Reserve Account. See "PLAN OF FINANCE."

Reserve Requirement. Under the Indenture, the “Reserve Requirement” is defined as the least of the following (as calculated by the Commission):

(i) 125% of average Annual Debt Service on the Bonds,

(ii) 10% of the original principal amount of the Bonds and any Parity Debt, or

(iii) Maximum Annual Debt Service.

If at the time of calculation of the Reserve Requirement there are two or more reserve accounts established with respect to the Bonds and any Parity Debt, then the amounts on deposit in such reserve accounts will be aggregated for purposes of calculating compliance with the Reserve Requirement.

Use of Funds in the Reserve Account. All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding. See “APPENDIX D - SUMMARY OF INDENTURE.”

Common Reserve. All of the Outstanding Bonds are equally secured by a first pledge of, security interest in, and lien on the Reserve Account.

Outstanding Parity Bonds

The pledge of Tax Revenues securing the 2011B Bonds is on a parity with the pledge thereof securing the following two outstanding series of tax allocation bonds issued under the Indenture:

- The 2003 Bonds were issued in the original principal amount of $11,500,000 and are currently outstanding in the principal amount of $10,005,000. Because 30.43% of the proceeds of the 2003 Bonds was used to finance low- and moderate-income housing projects in the City, 30.43% of the debt service on the 2003 Bonds is payable from Housing Set-Aside. The debt service on the portion of the 2003 Bonds that was not used to finance low- and moderate-income housing projects is payable from the Non-Housing Tax Revenues.

• The 2011A Bonds are intended to be issued by the Commission concurrently with the 2011B Bonds in the principal amount of $30,560,000. Because none of the proceeds of the 2011A Bonds will be used to finance low- and moderate-income housing projects in the City, none of the debt service on the 2011A Bonds is payable from Housing Set-Aside; debt service on the 2011A Bonds is payable solely from Non-Housing Tax Revenues.

Because the Commission intends to pay debt service on the 2011B Bonds and the Housing Portion of the 2003 Bonds solely from Housing Set Aside, this Official Statement shows debt service coverage on the Housing Portion of the 2003 Bonds and the 2011B Bonds based on Housing Set-Aside. In addition, this Official Statement shows debt service coverage on all of the 2003 Bonds, the 2011A Bonds and the 2011B Bonds based on all Tax Revenues. See "HISTORICAL AND ESTIMATED TAX REVENUES."

The Commission may issue additional future debt payable on a parity with or subordinate to the payment of debt service on the 2003 Bonds, the 2011A Bonds and the 2011B Bonds, provided that the conditions set forth in the Indenture are met. See "– Parity Debt and Subordinate Debt" below.

Parity Debt and Subordinate Debt

Issuance of Parity Debt. In addition to the Bonds, the Commission may, by Supplemental Indenture, issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds to finance the Project in such principal amount as may be determined by the Commission. The Commission may issue or incur any such other Parity Debt subject to the specific conditions set forth in the Indenture, including the following (among others):

(a) The Commission must be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures.

(b) The Supplemental Indenture providing for the issuance of such Parity Debt must provide that interest thereon will be payable on March 1 and September 1, and principal thereof will be payable on September 1 in any year in which principal is payable.

(c) Money must be deposited in the Reserve Account from the proceeds of the sale of the Parity Debt (or from other available funds of the Commission) in an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement for the Bonds, taking into account the issuance of the Parity Debt.

(d) The aggregate amount of the principal of and interest on all Outstanding Bonds and Subordinate Debt coming due and payable following the issuance of such Parity Debt may not exceed the maximum amount of Tax Revenues permitted under the Plan Limitations to be allocated and paid to the Commission following the issuance of such Parity Debt.

(e) The Tax Revenues estimated in the Report of an Independent Redevelopment Consultant to be received for the then current Fiscal Year must be at least equal to 150% of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt; provided, however, that if the total of the assessed valuation of the property of the largest assessed owner in the Redevelopment Project, based upon such valuations on the tax roll for the most

recent Fiscal Year for which such information is available, represents not more than 20% of the incremental assessed value of the Redevelopment Project for the corresponding Fiscal Year, then the Tax Revenues estimated in the Report of an Independent Redevelopment Consultant to be received for the then current Fiscal Year must be at least equal to 125% of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt.

Issuance of Subordinate Debt. In addition to the Bonds, the Commission may incur Subordinate Debt in such principal amount as may be determined by the Commission, upon the satisfaction of the conditions contained in the Indenture. See "APPENDIX D – SUMMARY OF THE INDENTURE."

Application of Funds in the Event of Shortfall

If a shortfall in Tax Revenues should occur such that amounts are insufficient to fully pay debt service on the 2003 Bonds, the 2011A Bonds, the 2011B Bonds and any future Parity Bonds, the Indenture provides that the Trustee will apply available monies to the payment of principal and interest ratably to the aggregate of such principal and interest.

The availability of funds for this purpose is subject, however, to the restrictions in the Indenture and the Redevelopment Law concerning the use of Housing Set-Aside, specifically, the requirement that Housing Set-Aside may be used to pay debt service only on bonds that were issued to finance low- and moderate-income housing projects in the City. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011B BONDS – Pledge of Tax Revenues" and "LIMITATIONS ON TAX REVENUES."

As a result, if Tax Revenues were not sufficient to pay all outstanding debt service:

- the Agency would use Housing Set-Aside to pay debt service on the Housing Portion of the 2003 Bonds, the 2011B Bonds and any future Parity Bonds issued to finance low- and moderate-income housing projects; and

- the Agency would use Non-Housing Tax Revenues to pay debt service on all outstanding Bonds in a manner that would, to the extent possible taking into consideration the application of Housing Set-Aside, result in ratable payment of debt service on the outstanding Bonds.

THE COMMISSION

General

Activation of the Commission. The Commission was activated on June 2, 1997, by adoption of Ordinance No. 97494 by the City Council pursuant to the Redevelopment Law. The City Council members also sit as Commission members.

Commission Officers. Brief biographies of certain Commission officers are set forth below.

Paul Arevalo, Executive Director of the Commission. Paul Arevalo is the City Manager for the City and Executive Director of the Commission. He has worked for the City since 1990, and served as the Director of Finance and Technology Services prior to becoming City Manager in 2000. Prior to his work with the City, Mr. Arevalo spent three years working for other State and local agencies, including the California Franchise Tax Board. Mr. Arevalo is a graduate of California State Polytechnic University, Pomona, and has completed various graduate-level courses in the School of Public Administration at California State University, Los Angeles.

Anil H. Gandhy, Treasurer of the Commission. Anil Gandhy is the Director of Finance and Information Technology for the City and the Treasurer of the Commission. He has worked for the City since 2001. Prior to his work with the City, Mr. Gandhy spent nine years serving as Director of Finance and Administrative Services for the City of Bell Gardens. He also spent a decade working for Certified Public Accounting firms, including six years at Moreland & Associates in Newport Beach. Mr. Gandhy has a Bachelor of Commerce degree from Saurashtra University India and a Master of Business Administration from the Keller Graduate School of Management. He is licensed as a Certified Public Accountant in the State of California.

Michael Jenkins, Counsel to the Commission. Michael Jenkins currently serves as City Attorney and Counsel to the Commission. Mr. Jenkins is city attorney for the Cities of Diamond Bar, Hermosa Beach, Rolling Hills and West Hollywood, and is also general counsel to the Antelope Valley Mosquito & Vector Control District, the Los Angeles County West Vector Control District, the San Gabriel Valley Mosquito and Vector Control District and the West Valley Mosquito & Vector Control District. Concurrently, he works as general counsel to the South Bay Cities Council of Governments and the Westside Cities Council of Governments, and as special counsel for numerous municipalities around the State. Mr. Jenkins is an honors graduate of Haverford College and Duke University School of Law.

Powers

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

Audited Financial Statements

The Commission's audited financial statements for the Fiscal Year ending June 30, 2010, which were audited by Lance Soll & Lunghard, LLP, Certified Public Accountants, Brea, California (the "Auditor"), are attached as APPENDIX B.

The Commission has not requested the Auditor's consent to the inclusion of its report in this Official Statement and the Auditor has not undertaken to update the financial statements included as APPENDIX B or their report. The Auditor expresses no opinion with respect to any event subsequent to its report.

THE EAST SIDE PROJECT AREA

Background

The East Side Project Area encompasses approximately 338 acres and is bounded by Fountain Avenue on the north, Hayworth Avenue on the west, La Brea Avenue on the east, and Romaine Street and Willoughby Avenue on the south. Santa Monica Boulevard, the City's easterly gateway, bisects the project area and is the focus of redevelopment activity.

Set forth on the following page is a map of the City showing the East Side Project Area.

For additional information regarding the City, see APPENDIX A.

See APPENDIX C for a complete copy of the Fiscal Consultant's Report, which further describes the Project Area.

Land Use Summary

The table below summarizes the property in the East Side Project Area by land use category and net taxable value for the current Fiscal Year. As shown below, the properties within the East Side Project Area are primarily residential.

Table 1
East Side Project Area
Land Use Categories
Fiscal Year 2010-11

Category	Parcels	Assessed Value	%
Residential	1,142	$ 673,290,355	58.9%
Commercial	181	309,634,134	27.1
Industrial	17	87,437,776	7.7
Institutional	16	4,935,034	0.4
Recreational	2	2,479,358	0.2
Vacant	19	3,810,289	0.3
Government/Exempt	20	0	0.0
Subtotal:	1,397	$1,081,586,946	94.7
SBE Non-Unitary Utility		2,141,871	0.2
Unsecured		58,529,021	5.1
Totals:		**$1,142,257,838**	**100.00%**

Source: HdL Coren & Cone.

Project Area Map

Largest Taxpayers

Top Ten Taxpayers. The table below shows the property owners with the highest taxable values in the East Side Project Area as of December 31, 2010.

Table 2
East Side Project Area
Top Ten Taxpayers
Fiscal Year 2010-11

Property Owner	Secured Taxable Value†	Unsecured Taxable Value	Total Taxable Value	% of Total Taxable Value	% of Total Incremental Value	Type of Property Assessed
CLPF West Hollywood LP (1)	$81,400,356	$ 0	$81,400,356	7.13%	11.13%	Commercial
Studio Lending Group † (1)	67,940,873	0	67,940,873	5.95%	9.29%	Industrial
Time Warner NY Cable † (1)	0	32,327,324	32,327,324	2.83%	4.42%	Unsecured
Casden Movietown (1)	29,156,402	0	29,156,402	2.55%	3.99%	Commercial
RSH Properties (1)	27,185,418	0	27,185,418	2.38%	3.72%	Commercial
Monarch La Brea Venture LP (1)	22,335,935	0	22,335,935	1.96%	3.05%	Commercial
Monarch Santa Monica Venture LP (1)	16,281,316	0	16,281,316	1.43%	2.23%	Commercial
The Promenade	12,581,837	0	12,581,837	1.10%	1.72%	Residential
Hayworth House LP †	9,479,825	0	9,479,825	0.83%	1.30%	Residential
Donald T. Sterling Trust †	8,707,336	0	8,707,336	0.76%	1.19%	Residential
Total for Top Ten	$275,069,298	$32,327,324	$307,396,622	26.91%	42.04%	
Total Taxable Assessed Value	$1,083,728,817	$58,529,021	$1,142,257,838			

† Includes taxable personal property (secured and unsecured assessed value).
(1) Represents owner with one or more pending assessed valuation appeals. See "HISTORICAL AND ESTIMATED TAX REVENUES – Outstanding Appeals for Reduction of Assessed Valuation."
Source: HdL Coren & Cone.

Description of Major Owners. Descriptions of the largest property owners in the East Side Project Area are set forth below.

CLPF West Hollywood, dba West Hollywood Gateway, is a 254,373 square-foot shopping center located at 7100 Santa Monica Boulevard (southwest corner of La Brea and Santa Monica) which was built in 2003. The center includes a Target and Best Buy with 17 other smaller retailers and restaurants.

Studio Lending Group, d/b/a The Lot, is a motion picture and television studio located at 7200 Santa Monica Boulevard. The Lot is located on the south side of Santa Monica Boulevard, just west of La Brea Avenue, and is bounded by Formosa Avenue on the east and Poinsettia Place on the west. The Lot encompasses 11.20 Acres and has production and post-production offices, sound stages and various support amenities totaling in excess of 300,000 square feet.

This studio was formerly known as the Warner Hollywood Studios, United Artists Studios and the Samuel Goldwyn Studios. In 2007 the facility was sold to Studio Lending Group, who bought it from BA Studios. The Lot leases office and soundstage space to production companies. Current activities include feature film production by Warner Bros., DreamWorks and New Regency Films.

Time Warner N.Y. Cable is the cable franchise holder in the City. The taxable value represents their cable operations in the East Side Project Area.

Casden Movietown, LLC, is a shopping center located at 7302 Santa Monica Boulevard, from Poinsettia to Fuller. The center was built in 1965 and most recently sold in June 2005. The major tenant is Trader Joe's.

On February 16, 2010, the City Council unanimously approved the Movietown Plaza Project, which is intended to involve demolition of all structures on the site and the construction of 371 residential units and 32,300 square feet of retail space. The project is intended to include 76 affordable rental apartments for seniors, half of which will be reserved for very low-income households and half for low-income households.

RSH Properties I LLC. This is a single parcel of 2.25 acres located at the corner of Fountain and La Brea. The neighborhood commercial use is a Ralph's Supermarket containing approximately 46,000 square feet. According to Los Angeles County Assessor's records, the property was built in 1995 and last sold in April 2007.

Monarch La Brea Venture L.P. is the owner 1216-34 N La Brea and 7070 Fountain Avenues. These properties were purchased from September 2007 to March 2008. Currently operating at 1231 La Brea is Jon's Market.

On August 5, 2010, the Planning Commission unanimously approved a new project for this site, which is intended to involve demolition of all structures on the site and the construction of 187 residential units, including 38 affordable units, and approximately 19,000 square feet of retail/commercial space.

Monarch Santa Monica Venture L.P. is the owner 1111 N La Brea and 7113 and 7119 Santa Monica Boulevard and 1122 Detroit Street. These properties were purchased from Mole Richardson in November 2007. The buildings were built from 1921 to 1975. Currently operating at 1111 La Brea is a Carl's Jr.

On September 20, 2010, the City Council unanimously approved a new project for this site, which is intended to involve demolition of all structures on the site and the construction of 184 residential units, including 37 affordable units, and approximately 13,350 square feet of retail/commercial space.

HISTORICAL AND ESTIMATED TAX REVENUES

History of Assessed Valuations and Tax Revenues

The following table sets forth historical taxable property values, Housing Set-Aside and tax increment revenues for the East Side Project Area for the prior four fiscal years and estimated amounts for the current fiscal year.

Table 3
East Side Project Area
Historical Taxable Values and Housing Set-Aside

	2006-07 Actual	2007-08 Actual	% Chng	2008-09 Actual	% Chng	2009-10 Actual	% Chng	2010-11 Estimated	% Chng
Secured Value	$869,272,540	$951,801,448	9.49%	$1,060,870,492	11.46%	$1,102,501,562	3.92%	$1,083,728,817	(1.70%)
Unsecured Value	29,999,429	56,859,555	89.54%	76,921,129	35.28%	76,501,939	(0.54%)	58,529,021	(23.49%)
Total	899,271,969	1,008,661,003	12.16%	1,137,791,621	12.80%	1,179,003,501	3.62%	1,142,257,838	(3.12%)
Less Base Year Value [1]	(412,020,410)	(412,020,410)		(412,020,410)		(411,116,718)		(411,116,718)	
Incremental Increase	487,251,559	596,640,593	22.45%	725,771,211	21.64%	767,886,783	5.80%	731,141,120	(4.79%)
Gross Tax Increment Revenues	$5,099,270	$6,096,319	19.55%	$7,714,657	26.55%	$7,743,087	0.37%	$7,346,320	(5.12%)
Housing Set-Aside [2]	1,019,854	1,219,264		1,542,931		1,548,617		1,469,264	

Calculation of Net Tax Increment Revenues

Gross Tax Increment Revenues	$5,099,270	$6,096,319	19.55%	$7,714,657	26.55%	$7,743,087	0.37%	$7,346,320	(5.12%)
Less Housing Set-Aside	(1,019,854)	(1,219,264)		(1,542,931)		(1,548,617)		(1,469,264)	
Less County Administration Fees	(63,544)	(81,851)		(97,325)		(112,481)		(119,327)	
Less ERAF Shift [3]	0	0		0		(1,837,160)		(377,876)	
Less Statutory Pass-Throughs	(1,019,854)	(1,219,264)		(1,731,792)		(1,823,250)		(1,694,546)	
Net Tax Revenues	$2,996,018	$3,575,940	19.36%	$4,342,609	21.44%	$2,421,579	(44.24%)	$3,685,307	52.19%

[1] Base Year secured valuation was $403,196,115 and Base Year unsecured valuation was $8,824,295.
[2] Although the definition of Tax Revenues pledged toward the payment of debt service on the Housing Portion of the 2003 Bonds and the 2011B Bonds is not limited to the Housing Set-Aside Tax Revenues, the Agency expects to pay debt service on the Housing Portion of the 2003 Bonds and the 2011B Bonds only from Housing Set-Aside. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011B BONDS – Tax Revenues."
[3] See "BOND OWNERS' RISKS – State Budget" for a description of the ERAF shift.
Source: HdL Coren & Cone.

Redevelopment Plan Limitations

Sections 33333.2 and 33333.4 of the Redevelopment Law requires each redevelopment agency to either include in each redevelopment plan or to adopt by ordinance a limitation on the amount of taxes that may be divided and allocated to the redevelopment agency with respect to the related redevelopment project area. Under Section 33333.2, taxes may not be allocated to a redevelopment agency beyond this limitation except by amendment of the redevelopment plan.

The East Side Redevelopment Plan contains such tax increment limitations. The time limits set forth under the East Side Redevelopment Plan, the amount of taxes attributable to real property (land and improvements including personal property) located within the East Side Project Area that may be divided and allocated to the Commission under the Redevelopment Law, and the current deadline for the Commission to incur debt, are as follows:

Plan Effectiveness:	June 2, 2028
Repayment of Debt:	June 2, 2043
Date to Receive Tax Increment Revenues:	June 2, 2043
Final Date to Incur Debt:	June 2, 2017
Amount of Outstanding Bonded Indebtedness	$284,305,953 [1]

[1] Represents the limit as of December 31, 2010, based on the original bonded indebtedness limit of $200,000,000 plus a Consumer Price Index inflator.
Source: West Hollywood Community Development Commission.

Pass-Throughs Obligations

The Commission is subject to certain and statutory pass-through obligations to tax entities within the County. However, the Housing Set-Aside, which the Commission intends to use to pay debt service on the Housing Portion of the 2003 Bonds and the 2011B Bonds, is unaffected by these pass-through obligations because, under the Redevelopment Law, amounts deposited into the Agency's Low and Moderate Income Housing Fund must equal 20% of gross tax increment allocated to the Agency.

Owner Participation Agreement

The Owner Participation Agreement (the "Owner Participation Agreement"), dated as of August 2002, by and between the Commission and BA Studios, was entered into in connection with the development of a site located in the East Side Project Area bounded by Poinsettia Place on the west, Santa Monica Boulevard on the north, Formosa Avenue on the east, and a parcel owned by the Los Angeles Department of Water and Power on the south (the "Site").

Under the Owner Participation Agreement, the Commission agrees to rebate certain amounts to BA Studios on an annual basis.

The Owner Participation Agreement defines "Net Tax Increment" as the balance of monies allocated to and paid to the Commission under Section 33676(b) et seq. of the Redevelopment Law that remain after deduction by the County for administrative fees and required payments to taxing agencies, less the Housing Set-Aside.

Because the 2011B Bonds are payable from Housing Set-Aside, the projections contained in this Official Statement with respect to the amounts available to pay debt service on

the 2011 B Bonds do not reflect any obligations related to the Owner Participation Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2011A BONDS – Tax Revenues."

Outstanding Appeals for Reduction of Assessed Valuation

Property taxable values determined by the County Assessor may be subject to an appeal by property owners. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. The reduction in future Project taxable values affects all taxing entities, including the Commission.

The Commission and HdL Coren & Cone, the Fiscal Consultant, researched the status of assessment appeals filed by all property owners in the East Side Project Area based upon the latest information available from the County assessment appeals database.

A total of 107 appeals are pending in the East Side Project Area seeking an aggregate reduction of $228,039,718, or approximately 19.96% of fiscal year 2010-11 assessed value. Since fiscal year 2005-06, 228 appeals have been filed. Of the 228 appeals files, 54 have been allowed with a reduction in value and 30 have been denied. The 54 successful appeals resulted in a total reduction of $40,026,370 or 11.49% of assessed value that was under appeal.

The Fiscal Consultant estimates that the assessment appeals currently pending will result in a reduction in the projected fiscal year 2011-12 assessed value of $34,814,099 or 3.05% of fiscal year 2010-11 assessed value. The following table summarizes the Fiscal Consultant's estimate for losses on pending assessment appeals.

Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average AV Reduction	No. of Pending Appeals (1)	Value of Appeals Pending	Est. No. Pending Allowed	Est. reduction of Value on Pending Appeals Allowed
228	84	54	11.49%	107	$471,143,170	69	$34,814,099

(1) The pending appeals included in the projection of value loss does not include appeals on the same parcel in multiple years. Reduction in value in such cases is not cumulative.

Fourteen assessment appeals were recently allowed with a reduction in value of $8,751,127. This reduction has been reflected in the values for 2010-11. Reductions in revenue for refunds resulting from these successful appeals have **not** been estimated.

Within the top ten taxpayers in the Project Area, seven have filed assessment appeals that are currently pending. CLPF West Hollywood LP is seeking a reduction of their fiscal year 2010-11 valuation in the amount of $40.7 million (50.00%). Time Warner NY Cable and RSH Properties I are also seeking reductions of their fiscal year 2010-11 assessed values. Time Warner NY Cable is appealing only two of its unsecured values and so the amount shown does not equal its total taxable value for fiscal year 2010-11. Studio Lending Group, Casden Movietown, Monarch La Brea Venture LP and Monarch Santa Monica Venture LP are seeking reductions of their fiscal year 2009-10 and fiscal year 2010-11 assessed values. The table below summarizes the reductions in assessed value sought by these top ten taxpayers.

Owner	Fiscal Year	No. of Parcels	Value Under Appeal	Owners Opinion of Value	Max. Potential Value Loss
CLPF West Hollywood LP	2010-11	1	$81,400,356	$40,696,000	$40,704,356
Studio Lending Group	2009-10	1	67,301,130	47,757,000	19,544,130
	2010-11	1	67,940,873	35,000,000	32,940,873
Time Warner NY Cable	2010-11	2	31,817,175	3,181,718	28,635,457
Casden Movietown	2009-10	1	29,225,668	14,999,000	14,226,668
	2010-11	1	29,156,402	19,998,000	9,158,402
RSH Properties I	2010-11	1	33,213,895	20,000,000	13,213,895
Monarch La Brea Venture	2009-10	4	22,389,000	13,800,000	8,589,000
LP	2010-11	4	22,335,935	14,060,000	8,275,935
Monarch Santa Monica	2009-10	3	14,606,400	12,025,000	2,581,400
Venture LP	2010-11	3	14,571,779	12,025,000	2,546,779

Source: Los Angeles County Clerk of the Board

The actual reductions in tax increment and East Side Project Area taxable values for future appeals could be significant. Resolution of appeals are determined by a number of factors including vacancy and rental rates, circumstances of hardship and other real estate comparables, all of which are unique to the individual assessment.

Tax Rates

The tax rates that are applied to incremental taxable values consist of two components: the General Tax Rate of $1.00 per $100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed one percent ($1.00 of $100 taxable value) in accordance with Article XIIIA of the California Constitution.

The Override Tax Rates can decline each year as increasing property values reduce the Override Rate needed to be levied by the taxing entities to meet voter approved obligations and as voter approved debt is eventually retired over time. An amendment to the Constitution prohibits redevelopment agencies from receiving taxes generated by new Override Tax Rates for debt approved after December 31, 1988.

The fiscal year 2010-11 secured tax rates applicable to all Tax Rate Areas within the Project Area is set forth below.

General Levy	1.0000%
Metropolitan Water District	0.0037%
Combined Tax Rate	1.0037%

Source: HdL Coren & Cone.

The Fiscal Consultant has assumed future tax rates remain at $1.0037 per $100 of taxable value through fiscal year 2034-35 and $1.00 per $100 of taxable value thereafter.

Estimated Tax Revenues and Debt Service Coverage

Projected Tax Revenues. For purposes of the projections contained below, the Commission has estimated future Housing Set-Aside for the East Side Project Area as 20% of gross tax increment allocated to the Agency. The Housing Set-Aside for the current year equals $1,469,264, and is projected to decline over the 30-year projection period.

Projected Debt Service Coverage – Housing Set-Aside. The table below shows projected Housing Set-Aside and projected debt service coverage on the Housing Portion of the 2003 Bonds and the 2011B Bonds based on the following assumptions:

(i) The Commission has held fiscal year 2010-11 assessed values constant through the final maturity date of the 2011B Bonds, assuming 0% growth, although (A) the fiscal year 2010-11 assessed values were reduced by the Fiscal Consultant in the amount of $8,751,127 to reflect 14 successful appeals that were not reflected on the fiscal year 2010-11 tax roll, (B) the projected fiscal year 2011-12 assessed values were reduced by $34,814,099 as a result of pending appeals, (C) the fiscal year 2011-12 assessed values were increased by $6,113,610 to reflect transfers that occurred between January 1, 2010 and December 31, 2010 (generating an increase of $6,788,784) and foreclosures in the same period (generating a decrease of $675,174) and (D) the projected fiscal year 2012-13 assessed values were reduced by $9,479,825 to reflect the welfare exemption for secured value related to the Hayworth Home Apartments.

(ii) Although the Non-Housing Tax Revenues are also pledged to all of the 2003 Bonds and the 2011B Bonds, the Commission has assumed for purposes of this table that it will pay debt service on the Housing Portion of the 2003 Bonds and all of the debt service on the 2011B Bonds with Housing Set-Aside. The Commission may not use Housing Set-Aside to pay debt service on the 2011A Bonds and 69.57% of the 2003 Bonds. Consequently, the table shows debt service only on the 2011B Bonds and the Housing Portion of the 2003 Bonds.

Table 5A
DEBT SERVICE COVERAGE PROJECTIONS
HOUSING SET-ASIDE

Bond Year Ending Sept. 1	Housing Set-Aside	Housing 2003 Bonds Debt Service	2011B Bonds Debt Service*	Total Housing Debt Service*	Estimated Coverage
2011	$1,469,264	$238,539	$932,625	$1,171,164	125%
2012	1,411,591	238,364	887,613	1,125,977	125
2013	1,392,561	239,574	870,513	1,110,086	125
2014	1,392,561	238,859	873,488	1,112,346	125
2015	1,392,561	239,521	870,738	1,110,258	125
2016	1,392,561	238,314	872,613	1,110,927	125
2017	1,392,561	238,300	873,900	1,112,200	125
2018	1,392,561	239,481	869,550	1,109,031	125
2019	1,392,561	238,774	869,900	1,108,674	125
2020	1,392,561	239,295	874,700	1,113,995	125
2021	1,392,561	239,273	873,513	1,112,785	125
2022	1,392,561	238,915	871,713	1,110,628	125
2023	1,392,561	238,100	873,850	1,111,950	125
2024	1,392,561	238,335	875,063	1,113,398	125
2025	1,392,561	238,240	875,350	1,113,590	125
2026	1,392,561	239,239	874,713	1,113,951	125
2027	1,392,561	238,202	873,150	1,111,352	125
2028	1,392,561	238,259	875,325	1,113,584	125
2029	1,392,561	239,324	871,075	1,110,399	125
2030	1,392,561	239,564	870,875	1,110,439	125
2031	1,392,561	239,191	874,250	1,113,441	125
2032	1,392,561	238,206	870,725	1,108,931	125
2033	1,392,561	238,130	870,775	1,108,905	125
2034	1,392,561		1,113,925	1,113,925	125
2035	1,392,561		1,111,900	1,111,900	125
2036	1,387,801		1,105,600	1,105,600	125
2037	1,387,433		1,105,025	1,105,025	125
2038	1,387,433		1,109,225	1,109,225	125
2039	1,387,433		1,107,250	1,107,250	125
2040	1,387,433		1,109,100	1,109,100	125
2041	1,387,433		1,108,825	1,108,825	125
2042	1,387,433		1,105,950	1,105,950	125
Totals	**$44,622,165**	**$5,492,000**	**$30,122,813**	**$35,614,813**	

[1] Although the definition of Tax Revenues pledged toward the payment of debt service on the Housing Portion of the 2003 Bonds and the 2011B Bonds is not limited to the Housing Set-Aside, the Agency expects to pay debt service on the Housing Portion of the 2003 Bonds and the 2011B Bonds only from Housing Set-Aside.

Source: The Commission.

* Rounded.

Projected Debt Service Coverage –Tax Revenues and All Bonds. The table below shows projected Tax Revenues and projected debt service coverage on the 2003 Bonds, the 2011A Bonds and the 2011B Bonds based on the following assumptions:

(i) The Commission has held fiscal year 2010-11 assessed values constant although (A) the fiscal year 2010-11 assessed values were reduced by the Fiscal Consultant in the amount of $8,751,127 to reflect 14 successful appeals that were not reflected on the fiscal year 2010-11 tax roll, (B) the projected fiscal year 2011-12 assessed values were reduced by $34,814,099 as a result of pending appeals, (C) the fiscal year 2011-12 assessed values were increased by $6,113,610 to reflect transfers that occurred between January 1, 2010 and December 31, 2010 (generating an increase of $6,788,784) and foreclosures in the same period (generating a decrease of $675,174) and (D) the projected fiscal year 2012-13 assessed values were reduced by $9,479,825 to reflect the welfare exemption for secured value related to the Hayworth Home Apartments.

(ii) Tax Revenues include (A) all Non-Housing Tax Revenues and (B) an amount of Housing Set-Aside equal to debt service on 30.43% of the 2003 Bonds and all of the 2011B Bonds.

Table 5B
DEBT SERVICE COVERAGE PROJECTIONS

Bond Year Ending Sept. 1	Tax Revenues[(1)]	2003 Bonds Debt Service [(2)]	2011A Bonds Debt Service*	2011B Bonds Debt Service[(3)]*	Total Parity Debt Service*	Estimated Coverage
2011	$5,234,347	$783,895	$2,460,365	$932,625	$4,176,885	125%
2012	5,070,583	783,320	2,372,300	887,613	4,043,233	125
2013	5,015,116	787,295	2,341,500	870,513	3,999,308	125
2014	5,017,376	784,945	2,342,887	873,488	4,001,320	125
2015	5,015,288	787,120	2,341,887	870,738	3,999,745	125
2016	5,015,956	783,155	2,347,637	872,613	4,003,405	125
2017	5,017,230	783,110	2,347,387	873,900	4,004,397	125
2018	5,014,060	786,990	2,340,587	869,550	3,997,127	125
2019	5,013,703	784,665	2,342,437	869,900	3,997,002	125
2020	5,019,025	786,380	2,341,437	874,700	4,002,517	125
2021	5,017,814	786,305	2,344,237	873,513	4,004,055	125
2022	5,015,657	785,130	2,344,550	871,713	4,001,393	125
2023	5,016,979	782,450	2,345,150	873,850	4,001,450	125
2024	5,018,427	783,225	2,343,650	875,063	4,001,938	125
2025	5,018,620	782,913	2,345,050	875,350	4,003,313	125
2026	5,018,981	786,194	2,344,000	874,713	4,004,907	125
2027	5,016,382	782,788	2,345,500	873,150	4,001,438	125
2028	5,018,614	782,975	2,342,725	875,325	4,001,025	125
2029	5,015,429	786,475	2,342,050	871,075	3,999,600	125
2030	5,015,468	787,263	2,343,112	870,875	4,001,250	125
2031	5,018,471	786,038	2,345,550	874,250	4,005,838	125
2032	5,013,960	782,800	2,344,000	870,725	3,997,525	125
2033	5,013,934	782,550	2,346,375	870,775	3,999,700	125
2034	5,018,954	0	2,888,875	1,113,925	4,002,800	125
2035	5,016,929	0	2,890,625	1,111,900	4,002,525	125
2036	4,997,282	0	2,878,750	1,105,600	3,984,350	125
2037	4,995,675	0	2,878,625	1,105,025	3,983,650	125
2038	4,999,875	0	2,878,750	1,109,225	3,987,975	125
2039	4,997,900	0	2,878,375	1,107,250	3,985,625	125
2040	4,999,750	0	2,881,750	1,109,100	3,990,850	125
2041	4,999,475	0	2,877,750	1,108,825	3,986,575	125
2042	4,996,600	0	2,881,000	1,105,950	3,986,950	125
Totals	**$160,673,861**	**$18,047,979**	**$79,988,877**	**$30,122,813**	**$128,159,669**	

(1) Tax Revenues pledged towards the payment of the Bonds include the full amount of Non-Housing Tax Revenues plus a portion of the Housing Set-Aside needed to repay the portion of the Bonds used to finance low and moderate income housing projects (i.e., 30.43% of the 2003 Bonds and all of the 2011A Bonds).
(2) 30.43% of the 2003 Bonds is payable from Housing Set-Aside.
(3) 100% of the 2011B Bonds is payable from Housing Set-Aside.
Source: The Commission.

* Rounded.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 2011B Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to making an investment decisions with respect to the 2011B Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Accuracy of Assumptions

To estimate the revenues available to pay debt service on the 2011B Bonds, the Commission has made certain assumptions with regard to the assessed valuation of taxable property in the East Side Project Area, future tax rates and the percentage of taxes collected. The Commission believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates and the percentages collected are less than the Commission's assumptions, the Tax Revenues available to pay debt service on the 2011B Bonds will, in all likelihood, be less than those projected herein. See "HISTORICAL AND ESTIMATED TAX REVENUES."

Reduction of Tax Revenues

Tax Revenues allocated to the Commission are determined by the incremental assessed value of taxable property in the East Side Project Area, the current rate or rates at which property in the East Side Project Area is taxed, and the percentage of taxes collected in the East Side Project Area.

Several types of events which are beyond the control of the Commission could occur and cause a reduction in available Tax Revenues.

Reduction in Assessed Valuation. Tax Revenues allocated to the Commission are determined in part by the amount of incremental assessed value in the East Side Project Area and the current rate at which property in the East Side Project Area is taxed.

Future reductions in assessed values of taxable property in the East Side Project Area could be caused by many factors, including without limitation the following:

Economic Factors. Economic factors beyond the Commission's control, such as a relocation out of the East Side Project Area by one or more major property owners, or a continued and prolonged economic downturn, could cause a long-term reduction in assessed values.

Assessed Value Appeals. Property owners may appeal to the County Assessor for a reduction of their individual assessed valuations. See "THE EAST SIDE PROJECT AREA – Assessment Appeals." In addition, the County Assessor could order a blanket reduction in assessed valuations based on then-current economic conditions. See "LIMITATIONS ON TAX REVENUES - Proposition 8 Assessed Value Reductions."

Seismic and Environmental Events. The property in the East Side Project Area could become subject to complete or partial destruction caused by natural disasters such as earthquakes, wildfires or flooding, which could result in a reduction of assessed values of the affected property.

The City is located along the southern edge of the Santa Monica mountains and like most regions in California, is in an area of significant seismic activity. There are numerous faults within and around the City. Major fault zones close to, but outside of the City, include the Santa Monica, Newport-Inglewood, Raymond, Sierra Madre, San Gabriel and San Andreas faults. The City has defined two fault precaution zones in the vicinity of the Hollywood Fault, and requires fault location studies for new construction within the two zones; however, neither of these zones are within the East Side Project Area.

The City has experienced earthquakes with a Richter magnitude of 6.0 or greater and with the epicenter being within the greater Los Angeles area, including the 1994 Northridge earthquake.

Flood. The most recent Flood Insurance Rate Map prepared by the Federal Emergency Management Agency ("FEMA") for the City is dated June 18, 1987 and indicates that a small portion of the City is within a 100-year flood plain. Following planned construction of a regional storm drain system, the County is planning to submit necessary paperwork to reclassify the 100-year flood plain ("Zone AO") to a "Zone X," similar to the surrounding area. Zone X" is the designation for lands outside of the 100-year flood plain. The 100-year flood plan is the area subject to flooding based on a storm event that is expected to occur every 100 years on average, based on historic data. Specific regulations are imposed by FEMA for any construction within 100-year flood plains.

Hazardous Substances. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The discovery of hazardous substances on property within the East Side Project Area could reduce the marketability and value of the property.

Eminent Domain. Under Article XIIIA(2)(d) of the California Constitution and California Revenue and Taxation Code Section 68, a person who is displaced from property by eminent domain proceedings, or by governmental action resulting in a judgment of inverse condemnation, is permitted to transfer the adjusted base year value of the property from which the person is displaced to another comparable property anywhere within the State. Persons acquiring replacement property must request assessment pursuant to these provisions within four years of the date the property was acquired by eminent domain or purchase or the date the judgment of inverse condemnation becomes final. Such a reassessment affecting property in the East Side Project Area could result in a reduction in assessed values within the East Side Project Area.

Statewide Legislation. Actions of the California Legislature or electorate could adversely affect the existence or powers of the Commission or the availability of future Tax Revenues and adversely affect the security for the 2011B Bonds. See "- State Budget and Statewide Legislative Proposals" below.

Future reductions of assessed valuations could result in a reduction of the Tax Revenues that secure the 2011B Bonds, which in turn could impair the ability of the Commission to make payments of principal of or interest on the 2011B Bonds when due.

Reduction in Tax Rates. While the Commission is authorized to receive the Tax Revenues, it does not have the power to levy and collect property taxes directly. Accordingly, any reduction in tax rates, whether as a result of new statutes, constitutional amendment, changes in methods by which assessed valuation is established, the provisions of additional sources of revenues to taxing agencies which would reduce the need for Tax Revenues, or any increases in exemptions for the type of property to be located in a East Side Project Area which are not offset by funds from other sources, would have the effect of reducing the Commission's Tax Revenues. Accordingly, such events could have an adverse impact on the ability of the Commission to pay debt service on the 2011B Bonds.

Reduction in Inflationary Rate. As described in greater detail below, 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 calendar year, or may be reduced to reflect a reduction in the consumer price index or comparable local data.

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 seven times:

Fiscal Year	Inflationary Rate
1983-84	1.000%
1995-96	1.190%
1996-97	1.110%
1999-00	1.850%
2004-05	1.867%
2010-11	(0.237%)
2011-12	0.753%

Fiscal year 2010-11 was the first time the inflationary value adjustment has been negative. The Commission is unable to predict if any adjustments to the full cash value base of real property within the East Side Project Area, whether an increase or a reduction, will be realized in the future. See "LIMITATIONS ON TAX REVENUES."

Property Tax Collections and Delinquencies; Bankruptcy; Concentration of Ownership. The Commission has no independent power to levy and collect property taxes or to foreclose the lien of delinquent property taxes. The Commission's Tax Revenue receipts are subject to actual property tax payment delinquencies.

Further, the collection of property taxes by the County, and the ability of the County to timely foreclose the lien of a delinquent unpaid property tax, may be limited or delayed by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure.

The top ten property taxpayers in the East Side Project Area are responsible for a significant portion of the property taxes collected within the East Side Project Area. See "THE EAST SIDE PROJECT AREA" for a listing of the major property taxpayers within the East Side Project Area.

Reductions in Unitary Values. As the result of the adoption of AB 454 (Chapter 921, Statutes of 1986), a portion of the County-wide unitary values assigned to public utilities was allocated to the East Side Project Area.

Any substantial reduction in the values of public utility properties, either because of deregulation of a utility industry or for any other reason, will have an adverse impact on the amount of Tax Revenues. However, any such impact with respect to utility properties within the East Side Project Area will be lessened because the impact will be spread on a County-wide basis.

For further information concerning unitary values, see "LIMITATIONS ON TAX REVENUES–Property Tax Collection Procedures" and "–Taxation of Unitary Property."

Bankruptcy

The rights of the Owners of the 2011B Bonds and the enforceability of the obligation to make payments on the 2011B Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Bond Counsel as to the enforceability of the obligation to make payments on the 2011B Bonds will be qualified as to bankruptcy and such other legal events. See APPENDIX E–"Proposed Form of Bond Counsel Opinion."

Impact of State Budgets

Prior Fiscal Years. In connection with its approval of the budget for fiscal years 1992-93, 1993-94, 1994-95, 2002-03, 2003-04, 2004-05, and 2005-06, the State Legislature enacted legislation which, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency's tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the Education Revenue Augmentation Fund ("ERAF").

The Commission has made all of its ERAF payments prior to the respective deadlines, as follows:

Fiscal Year	ERAF Payment Amount
2002-03	$50,979.00
2003-04	$92,095.74
2004-05	$99,620.13
2005-06	$206,553.58

AB 1389. In 2008, the State enacted legislation known as AB 1389 (Chapter 751, Statutes 2008) ("AB 1389"), that among other things require redevelopment agencies to pay into ERAF in fiscal year 2008-09, prior to May 10, 2009, an aggregate amount of $350 million, of which the Commission was to pay approximately $377,876.00 as its allocated share. Unlike prior years, there is no redevelopment plan time limit extension for agencies making the ERAF payment.

On April 30, 2009, a California Superior Court in *California Redevelopment Association v. Genest* (County of Sacramento) (Case No. 34-2008-00028334) held that these required payments violated the California constitution and invalidated and enjoined the operation of the California Health and Safety Code section requiring such payment. On May 26, 2009, the State filed a notice that it would appeal the decision of the superior court. On September 28, 2009,

the State noticed its withdrawal of its appeal; accordingly, the Superior Court holding of invalidity of the applicable portion of AB 1389 is final.

As a result, the Commission was not responsible for an ERAF payment in Fiscal Year 2008-09.

2009 SERAF Legislation. In July 2009, in connection with various legislation related to the Fiscal Year 2009-10 State budget, the State enacted Assembly Bill No. 26 (the "2009 SERAF Legislation"), which mandates that redevelopment agencies make deposits to the Supplemental Educational Revenue Augmentation Fund ("SERAF") established in each county treasury. The aggregate SERAF contribution for fiscal year 2009-10 is $1.7 billion, which is due prior to May 10, 2010, and for Fiscal Year 2010-11 is $350 million, which is due prior to May 10, 2011.

Under this legislation the Commission was required to pay $1,837,160 by May 10, 2010, which the Commission paid in full, and it will further be required to pay $377,876.00 in May 2011. The Commission paid the fiscal year 2009-10 payment from its available fund balances, and the Commission expects that it will pay the SERAF payment due in May 2011 in a timely manner. The Commission did not borrow money from its Low and Moderate Income Housing Fund to make the SERAF payments.

The 2009 SERAF Legislation contains provisions that subordinate the obligation of redevelopment agencies to make the SERAF payments specified therein to certain indebtedness. Section 6 of AB 26, codified at Health and Safety Code, § 33690 (a) (3), states:

> "The obligation of any agency to make the payments required pursuant to this subdivision shall be subordinate to the lien of any pledge of collateral securing, directly or indirectly, the payment of the principal, or interest on any bonds of the agency including, without limitation, bonds secured by a pledge of taxes allocated to the agency pursuant to Section 33670 of the California Health and Safety Code."

The 2009 SERAF Legislation imposes various restrictions on redevelopment agencies that fail to timely make the required SERAF payments, including (i) a prohibition on adding or expanding project areas, (ii) a prohibition on the incurrence of additional debt, (iii) limitations on the encumbrance and expenditure of funds, including funds for operation and administration expenses, and (iv) commencing with the July 1 following the due date of a SERAF annual payment that is not timely made, a requirement that the applicable redevelopment agency allocate an additional 5% of all taxes that are allocated to the redevelopment agency under the Redevelopment Law for low and moderate income housing for the remainder of the time that the applicable redevelopment agency receives allocations of tax revenues under the Redevelopment Law.

The 5% additional housing set-aside penalty provision referred to in the 2009 SERAF Legislation (the "Penalty Set-Aside Requirement") would be in addition to the 20% of such tax revenues already required to be used for low and moderate income housing purposes. A redevelopment agency that borrows from amounts required to be allocated to its housing set aside funds to make required SERAF payments but does not timely repay the funds, will also be subject to the Penalty Set-Aside Requirement.

Although the 2009 SERAF Legislation contains provisions that subordinate the obligation of redevelopment agencies to make the SERAF payments specified therein to certain indebtedness (which would include a subordination of the Commission's obligations with

respect to the new SERAF payments to the Commission's obligation to pay debt service on the 2011B Bonds), there is no provision in the 2009 SERAF Legislation subordinating the Penalty Set-Aside Requirement to any indebtedness of a redevelopment agency that fails to timely make the SERAF payments mandated by the SERAF Legislation.

The California Redevelopment Association, the Union City Redevelopment Agency and the Fountain Valley Redevelopment Agency filed a lawsuit in Sacramento County Superior Court on October 20, 2009, challenging the constitutionality of the 2009 SERAF Legislation and seeking a permanent injunction to prevent the State from taking redevelopment funds for non-redevelopment purposes. On May 4, 2010, the Superior Court upheld the 2009 SERAF Legislation. The plaintiffs have appealed the decision in the Third District Court of Appeal. The appeal seeks repayment of the fiscal year 2009-10 payment and a prohibition of the second payment. The Commission cannot predict the outcome of the appeal.

Proposition 22. The State's ability to impose future ERAF and SERAF payments on redevelopment agencies may be affected by Proposition 22, which was approved by the California electorate on November 2, 2010.

Proposition 22, among other things, amends Sections 24 and 25.5 of Article XIII of the California Constitution to prohibit the State from reallocating, transferring, borrowing, appropriating or restricting the use of taxes imposed or levied by a local government solely for the local government's purposes.

As applied to redevelopment agencies, Proposition 22 adds Section 25.5(A)(7) to Article XIII of the State Constitution to prohibit the State from requiring a redevelopment agency

> (A) to pay, remit, loan, or otherwise transfer, directly or indirectly, taxes on ad valorem real property and tangible personal property allocated to the agency pursuant to Section 16 of Article XVI of the State Constitution to or for the benefit of the State, any agency of the State, or any other jurisdiction; or
>
> (B) to use, restrict, or assign a particular purpose for such taxes for the benefit of the State, any agency of the State, or any other jurisdiction, other than (i) statutory pass through payments required by Health and Safety Code Sections 33607.5 and 33607.7 and (ii) payments for the purpose of increasing, improving, and preserving the supply of low and moderate income housing available at affordable housing cost.

Although the passage of Proposition 22 will have no impact upon the Commission's obligation to pay the 2010 SERAF Amount, the State Legislative Analyst's Office ("LAO") has stated that the measure prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

No assurance can be provided that Proposition 22 will be implemented as contemplated by the LAO. In addition, Proposition 22 is subject to interpretation by the courts and there can be no assurance that the measure will not be challenged by the State or other parties or repealed by the voters of the State in the future.

Proposed 2011-12 Budget and Redevelopment Agencies. On January 10, 2011 Governor Jerry Brown released his proposed budget for fiscal year 2011-12 ("Proposed Budget"). The Proposed Budget is designed to address an estimated budget shortfall of $25.4 billion in the fiscal year 2011-12 California State Budget, which consists of an $8.2 billion projected deficit for 2010-11 and a $17.2 billion gap between projected revenues and spending

in 2011-12. The Governor's proposal includes approximately $12.5 billion in budget cuts, $12 billion in tax extensions and changes, and $1.9 billion in other solutions. The Governor is calling for a statewide special election in June to extend for five more years tax measures currently set to expire.

The Proposed Budget makes the following redevelopment-related proposals (the "RDA Provisions"), among others, although only limited details are provided for such a far-reaching proposal:

(i) Eliminate the current funding mechanism for redevelopment agencies.

(ii) Prohibit existing agencies from creating new contracts or obligations effective upon enactment of urgency legislation.

(iii) By July 1, disestablish existing redevelopment agencies and successor local agencies would be required to use the property tax revenues that redevelopment agencies would otherwise have received to retire redevelopment agency debts and contractual obligations "in accordance with existing payment schedules."

(iv) For fiscal year 2011-12, divert an estimated $1.7 billion remaining after paying the redevelopment agency debts and contractual obligations described in the preceding paragraph (iii) to offset State General Fund costs for Medi-Cal and trial courts. An additional estimated $210 million would be distributed on a one-time basis to cities, counties, and special districts proportionate to their current share of the countywide property tax.

(v) For fiscal years after fiscal year 2011-12, distribute the money available after payment of redevelopment agency debt and all obligations described in the preceding paragraph (iii) to schools, counties, cities, and non-enterprise special districts for general uses.

(vi) Shift amounts in the redevelopment agency's balances reserved for low-moderate income housing to local housing authorities for low and moderate income housing.

(vii) Introduce a new financing mechanism for economic development. Specifically, the Proposed Budget proposes that the Constitution be amended to provide for 55% voter approval for limited tax increases and bonding against local revenues for development projects such as are currently done by redevelopment agencies. Voters in each affected jurisdiction would be required to approve use of their tax revenues for these purposes.

Implementation of the Proposed Budget. Implementation of the Proposed Budget, including the RDA Provisions, would require implementing legislation by the Legislature and voter approval as to certain material elements and would probably include terms which are not yet proposed but that would be material to the Commission and the 2011B Bonds. The Commission cannot predict the ultimate form of any implementing legislation, if any is adopted.

Elements of the RDA Provisions, including the economic development program authorization, contemplate voter approval through the initiative process. It is possible that Proposition 22, which is described immediately above, will affect the State's ability to implement some of the RDA Provisions. It is possible that the Governor and the Legislature may seek voter

approval of changes to the terms of Proposition 22 that are in conflict with the Proposed Budget, including the RDA Provisions.

The Commission cannot predict the timing, terms or ultimate implementation of any such final legislation or voter initiative measures, or the impact on the Commission or the 2011B Bonds of any proposed, interim or final legislative and constitutional changes that may be adopted arising out of the Proposed Budget.

Legislative Analyst Reports. The LAO released its Overview of the Governor's Budget ("LAO Overview") on January 12, 2011. As it relates to the RDA Provisions the LAO Overview suggests the proposal has merit "but faces considerable implementation issues." The LAO Overview notes:

> "The administration's plan will require considerable work by the Legislature to sort through many legal, financial and policy issues. Several voter-approved constitutional measures, for example, constrain the State's authority to redirect redevelopment funds, use property tax revenues to pay for state programs, or impose increased costs on local agencies. In addition, the administration's plan does not address many related issues, such as clarifying the future financial responsibility for low- and moderate- income housing (currently, a redevelopment program). "

Finally, the LAO Overview recommends that the Legislature pass urgency legislation as soon as possible prohibiting redevelopment agencies, during the period of legislative review of the Proposed Budget, from taking actions that increase their debt.

On February 9, 2011, the LAO released its report regarding the Governor's proposal to end redevelopment agencies, entitled "Should California End Redevelopment Agencies?", which further notes:

> "Ordinarily, we would recommend that the state phase out [the redevelopment] program over several years or longer to minimize the disruption an abrupt ending likely would engender. Given the state's extraordinary fiscal difficulties, however, the Legislature will need to weigh the effect of this disruption in comparison with other major and urgent changes that the state would need to make if this budget solution were not adopted."

Information About the State Budget and the State. Information about the State budget and State spending is regularly available from various State offices, including the Department of Finance, the Office of the Legislative Analyst and the State Treasurer. However, none of such information is incorporated by such reference.

Draft Legislation to Eliminate Redevelopment Agencies and Restrict Activities. Draft legislation implementing the Governor's Proposed Budget was released by the Department of Finance of the State on February 23, 2011 (the "**draft legislation).** The draft legislation has not been submitted to the Legislature, and the Commission can provide no assurances that the draft legislation will be enacted in its present form, in a different form, or at all. A brief summary of the draft legislation is set forth below, but investors are encouraged to read the entire draft legislation. The draft legislation can be obtained from the State of California's Department of Finance website at the following address (this address is provided for the convenience of investors and the website is not incorporated in this Official Statement):

http://www.dof.ca.gov/budgeting/trailer_bill_language/financial_research_and_local_government/documents/502%20RDA%20Legislation%202-23p.docx.

The draft legislation is styled as an urgency measure, which requires a two-thirds vote of each house of the Legislature for passage; urgency legislation is effective immediately upon passage and upon the signature of the Governor. It is possible that, if the draft legislation is included as a part of a complete budget package passed by the Legislature, it could be passed with only majority vote approval and still become effective immediately. The draft legislation makes it clear that its provisions would not be retroactive.

The draft legislation declares that it is the intent of the Legislature to do the following:

> "(1) Bar existing redevelopment agencies from incurring new obligations that would divert any more money from core functions and dissolve all existing redevelopment. It is the intent of the Legislature that the greatest amount of funding be realized from these actions to fund core governmental services.
>
> (2) Beginning with 2012-13 fiscal year, allocate these funds according to the existing property tax allocation, except for enterprise special districts, to make the funds available for cities, counties, special districts, school and community college districts to provide core governmental services. As a result of these actions, it is estimated that, by fiscal year 2012-13, these local entities will receive $1.9 billion per year in new resources to use for their core priorities.
>
> (3) Require a successor entity to settle the affairs of the redevelopment agencies.
>
> (4) Require the protection of contractual rights by successor agencies, which will be required to retire redevelopment agency debts in accord with existing payment schedules. No existing contractual obligations will be impaired."

The draft legislation would suspend immediately upon adoption a variety of Commission activities, including the issuance of bonds and the entering into of contracts, but would allow agencies to continue to make all scheduled payments for “enforceable obligations,” which is a defined term that includes bonds. Because the draft legislation purports to prohibit the Commission from entering into new contracts after the effective date of the draft legislation, it is not clear whether the Commission would be authorized to enter into new contracts involving the expenditure of Bond proceeds for redevelopment projects after the effective date of the draft legislation.

Thereafter, on July 1, 2011, the draft legislation would dissolve all redevelopment agencies and vest their remaining powers in successor agencies. Each successor agency would be governed by a new seven-member oversight board, which would consist of, among others, a member selected by the county board of supervisors, a member selected by a non-enterprise special district, and two members selected by the county superintendent of education to represent schools and community college districts. The city council that formed the redevelopment agency could select only one member of the oversight board.

Again, because the draft legislation purports to prohibit the successor agency from entering into new contracts, it is not clear whether the successor agency would be authorized to enter into new contracts involving the expenditure of Bond proceeds for redevelopment projects after the effective date of the draft legislation.

Under the draft legislation, the county or city that authorized the creation of a redevelopment agency may elect to retain the housing assets and functions previously performed by the redevelopment agency or may designate its local housing authority to perform such functions. If a county or city elects to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, along with any amounts in the low and moderate income housing fund will be transferred to such city, or county, or city and county. Under the draft legislation, certain housing functions are subject to oversight by the oversight board. The draft legislation is silent regarding the question of whether a county or city electing to retain the responsibility for performing housing functions previously performed by a redevelopment agency would have the power to enter into new contracts and agreements regarding the expenditure of amounts on deposit in the low and moderate income housing fund. Since proceeds of the 2011B Bonds are being deposited in the Commission's Low and Moderate Income Housing Fund, the expenditure of those proceeds could be limited to projects for which there are currently enforceable obligations if the final legislation is determined to prohibit new contracts or arrangements.

Subject to the approval of the oversight board, each successor agency would be charged with preparing "Recognized Obligation Payment Schedules" which document the minimum payments and due dates of payments required by "enforceable obligations" for each half-year fiscal period. "Enforceable obligations" include, among other things, bonds issued pursuant to the Redevelopment Law (including the required debt service, reserve set-asides and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former agency). Commencing January 1, 2012, only those payments listed in the Recognized Obligation Payment Schedule may be made by the successor agency from funds specified in the Recognized Obligation Payment Schedule. For fiscal year 2011-12, the draft of the Recognized Obligation Payment Schedule must be reviewed and certified, as to its accuracy, by an external auditor. The initial Recognized Obligation Payment Schedule must also be certified by the county auditor-controller.

The draft legislation provides that any legally binding obligations that were entered into with a pledge of tax increment will continue to have the revenues that were formerly tax increment and which are deposited into a new "Redevelopment Obligation Retirement Fund" to be held by the successor agency. However, the draft legislation establishes a priority of allocation with respect to property tax increment that would have been allocated to each redevelopment agency without regard for existing priority relationships; these property taxes would be deposited in a Redevelopment Property Tax Trust Fund (to be administered by the county auditor-controller) and then, in fiscal year 2012-13 and following allocated as follows. The allocation is the same for fiscal year 2011-12, except as noted below.

First, to schools and community college districts in the amount that they would have received if the draft legislation had not been adopted into law.

Second, on June 1 and January 2, to successor agencies, for payments listed in the Recognized Obligation Payment Schedule for the next six month fiscal period beginning on the next July 1 or January 1, in the following priority order: (A) debt service payments scheduled to be made for tax allocation bonds, (B) payments scheduled to be made on revenue bonds, but only to the extent the revenues pledged for them are insufficient to make the payments and only when the agency's tax increment revenues were also pledged for the repayment of such bonds, and (C) payments scheduled for other debts and obligations listed in the Recognized Obligation Payment Schedule. For

fiscal year 2011-12, the draft legislation provides that, before being used to make the payments listed in the Recognized Obligation Payment Schedule, the property taxes would be used to pay each successor agency's share of an aggregate $1.7 billion payment to a "Public Health and Safety Fund".

Third, on January 2 and June 1, to each successor agency for administrative costs. Beginning in fiscal year 2012-13, the amount allocated for administrative costs may not exceed 3% of the amount allocated for the purposes described in *Second* above.

Fourth, on January 2 and June 1, any moneys remaining in the Redevelopment Tax Trust Fund after the payments and transfers authorized by *First*, *Second* and *Third* will be distributed to cities, counties, non-enterprise special districts, schools and community college districts (schools and community college districts receive no additional allocation in fiscal year 2011-12). If a successor agency is other than the agency that formed a redevelopment agency, the share that would have been allocated to that agency will instead be allocated to the agency that is the successor agency. If a local agency other than the county auditor-controller has accepted responsibility for administering the Public Health and Safety Fund in a county, the county share will be allocated to that local agency.

In years after fiscal year 2011-12, if the successor agency reports to the county auditor-controller, no later than December 1 or May 1, that the total amount available to the successor agency from the Redevelopment Property Tax Trust Fund allocation to that successor agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the each redevelopment agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the payments required by this section in the next six-month fiscal period, the county auditor-controller will notify the State Controller and the Department of Finance no later than 10 days later. The county auditor will verify whether the successor agency will have sufficient funds from which to service debts according to the schedule and will report the findings to the Controller. If the Controller concurs that there are insufficient funds to pay required debt service, the amount of such deficiency will be deducted first from the amount remaining to be distributed to taxing entities pursuant to *Fourth,* and if that amount is exhausted, from amounts available for distribution for administrative costs in *Third.* If an agency made pass-through payment obligations subordinate to debt service payments required for enforceable obligations, funds for servicing bond debt may be deducted from the amounts for pass-through payments under *First*, if the amounts remaining to be distributed to taxing entities pursuant to *Fourth* and the amounts available for distribution for administrative costs in *Third* have all been exhausted. In fiscal year 2011-12, amounts available for allocation to the Public Health and Safety Fund may also be available for this purpose.

Finally, the draft legislation, if adopted, would lengthen the statute of limitations (i) for the commencement of an action to review a determination or finding by a redevelopment agency or its legislative body, from 90 days to three years after the determination or finding, if such determination or finding is made after January 1, 2011, and (ii) for any action that is brought on or after January 1, 2011, to determine the validity of bonds issued by the redevelopment agency, from 60 days to three years after the date of the triggering event. Although the Commission does not believe there is any defect in the proceedings for the issuance of the Bonds that could give rise to a successful challenge and Bond Counsel is providing its opinion with respect to the 2011B Bonds as set forth in an Appendix hereto, there could be an

increased risk of a legal challenge because the Commission is issuing the 2011B Bonds after January 1, 2011, and any such challenge could affect the market price of the 2011B Bonds on the secondary market.

Potential Impact on the Commission and the 2011B Bonds. There are a variety of ways in which the Proposed Budget, the RDA Provisions and the draft legislation, if adopted, could impact the Commission and the 2011B Bonds, although the Commission is not able to predict the full variety or extent of these impacts, and the impacts will vary greatly depending on the final terms of laws adopted to implement the Proposed Budget, the RDA Provisions, and the draft legislation:

(i) The RDA Provisions and the draft legislation, if adopted, could impact the Commission 's activities and programs generally and could reduce or eliminate its fund balances and staffing.

(ii) The RDA Provisions and the draft legislation, if adopted, could affect the Commission's compliance with and performance under existing contracts and obligations, including senior Pass-Through Agreements and Housing Set-Aside obligations.

(iii) Subject to certain constitutional protections described below, the RDA Provisions and the draft legislation, if adopted, could affect the Commission's compliance with and performance under the terms of the Indenture and the 2011B Bonds. These impacts could relate to the amount or availability of Tax Revenues for the 2011B Bonds and other uses, the manner of application of Tax Revenues to debt service, flow of funds, use of 2011B Bond proceeds to fund new projects, compliance with Indenture covenants, continuing disclosure and other matters.

(iv) Pending final adoption of the draft legislation or other laws to implement the RDA Provisions, interim proposals could affect the activities of the Commission and the market value of the 2011B Bonds.

(v) Most significantly, the RDA Provisions and the draft legislation -- if adopted and implemented in their proposed form – would eliminate redevelopment agencies and redeploy tax increment revenues affecting redevelopment agencies. These actions would almost certainly raise legal and practical issues, some of which may be subject to litigation and ultimate resolution in the courts, or subsequent legislative action. These issues could affect the Commission and its compliance with the terms of the Indenture and the 2011B Bonds, and resolution of these issues could involve expense and delay or modification of certain of the rights of the bondholders in ways the Commission cannot predict.

Constitutional Protections. The Commission believes that constitutional protections against the impairment of contracts will prevent the proposed actions in the RDA Provisions and the draft legislation from adversely affecting the validity of the 2011B Bonds or the Commission's pledge of Tax Revenues to secure the payment of the 2011B Bonds. Indeed, the RDA Provisions and the draft legislation purport to provide for the payments by successor entities of existing redevelopment agencies' "debts and contractual obligations."

Article I, section 10 of the United States Constitution provides that "No state shall...pass any...law impairing the obligation of contracts." Article I, section 9 of the California Constitution provides that a "law impairing the obligation of contracts may not be passed." Each of these

provisions is generally referred to as a “contracts clause”. Federal courts have applied a fact-based three-part test to determine whether a state law violates the federal contracts clause. In general, the test compares any impairment against the significant and legitimate public purpose behind the state law; there is no absolute prohibition against impairment.

The United States Supreme Court has declared in the context of a New Jersey law that would have retroactively repealed a 1962 statutory (but contractual) covenant that would have adversely impacted bondowners: “A governmental entity can always find a use for extra money, especially when taxes do not have to be raised. If a State could reduce its financial obligations whenever it wanted to spend the money for what it regarded as an important public purpose, the Contract Clause would provide no protection at all.” See *United States Trust Co. of New York v. New Jersey* (1977) 431 U.S. 1, 25-26.

The Commission cannot predict the applicable scope of "contract clause" protections to the 2011B Bonds, or their affect on the RDA Provisions and the draft legislation as they may ultimately be implemented. Efforts to protect the rights of Bondholders and to enforce the terms of the Indenture, if necessary, could involve expense and delay including with respect to the determination of the applicable scope of the "contract clause" provisions.

Future State Action. The Commission cannot predict what actions will be taken in the future by the voters of the State, the State Legislature and the Governor to deal with changing State revenues and expenditures and the repercussions they may have on the current fiscal year State Budget, the Proposed Budget and future State budgets, or their impact on the Commission. These developments at the State level, whether related to the Proposed Budget or not, may, in turn, affect local governments and agencies, including the Commission. Even if the proposals affecting the Commission in the Proposed Budget are not adopted, the State Legislature may adopt other legislation from time to time requiring redevelopment agencies to make other payments to ERAF or SERAF or to make other payments. The impact that current and future State fiscal shortfalls will have on the Commission is unknown at this time. In prior years, the State has experienced budgetary difficulties and as in the Proposed Budget, balanced its budget by requiring local political subdivisions, such as the County, the City and the Commission, to fund certain costs previously borne by the State.

Potential investors should be aware that both the Commission and the Underwriter have the right not to proceed with issuance of the 2011B Bonds if the draft legislation or something similar to the draft legislation is signed into law after the sale date and prior to the closing date for the 2011B Bonds.

LIMITATIONS ON TAX REVENUES

The Commission does not have any independent power to levy and collect property taxes; accordingly, the amount of Tax Revenues available to the Commission for payment of the principal of and interest on the 2011B Bonds is affected by several factors, including but not limited to those discussed below. See also "RISK FACTORS" above.

See APPENDIX C, "Fiscal Consultant's Report," for further discussion of limitations on tax revenues.

Property Tax Limitations – Article XIIIA

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution.

Proposition 13 added Article XIIIA to the California Constitution which, 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.

Proposition 13 further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII adopted by initiative in June 1986 exempts from the 1% limitation any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property.

The Legislature and California voters have, from time to time, adopted exceptions to the general statutory scheme enacted by Proposition 13. For example, in the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIIIA. Proposition 58 amends 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 amends 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. Pursuant to 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 *Nordlinger v. Hahn*, the United States Supreme Court heard an appeal relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIIIA did not violate the federal Constitution.

The Commission 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 Commission's receipt of Tax Revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on certain voter-approved indebtedness, and that each county will levy the maximum tax permitted by Article XIIIA.

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

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

Property Tax Collection Procedures

Classifications. In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor.

The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other liens.

A tax levied on unsecured property does not become a lien against unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property.

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

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

Penalties. A 10% penalty is added to delinquent taxes 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 upon 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. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. The statute may provide increased 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.

Unitary Tax Revenue

Commencing in 1988-89, the reporting of public utility values assessed by the State Board of Equalization (the "SBE") was modified pursuant to legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921). Previously, property assessed by the SBE was assessed State-wide and was allocated according to the location of individual components of a utility in a Tax Rate Area. Hence, public utility values located within a project area were fully reflected in the project area's annual taxable value. Since the County no longer included the taxable value of unitary properties as part of the reported taxable values in a redevelopment project, base year

reductions were made equal to the amount of unitary taxable value that existed originally in the base year. The values of most public utility properties are now assessed as a single unit on a County-wide basis (referred to as unitary values). Railroad properties and utility owned parcels not included by SBE in the unitary assessment are referred to as Non-Unitary assessments.

Unitary tax revenues are distributed by 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 2%; (2) if utility tax revenues are insufficient to provide the same amount of revenue as in the previous year, allocation of the taxes would be reduced pro-rata County-wide; and (3) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are distributed to the local secured taxable values of the County.

According to the County Auditor-Controller, the Commission is expected to receive approximately $7,559 in unitary tax revenues in Fiscal Year 2010-11. For purposes of projecting Tax Revenues, it is assumed that the unitary tax revenues will stabilize at this amount thereafter.

Rate of Collections

Because the County has not adopted the statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), all Tax Revenues will reflect actual delinquencies in the collection of property taxes by the County. See "RISK FACTORS."

No Power to Tax

The Commission has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to Taxing Agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Revenues that would otherwise be available to pay the principal of, and interest on, the 2011B Bonds. Likewise, broadened property tax exemptions could have a similar effect. See " RISK FACTORS."

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 Redevelopment Law which provided 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 Redevelopment Law.

State Board of Equalization and Property Assessment Practices

On December 10, 1998, the SBE approved revisions to its guidelines regarding the valuation of intangible business and commercial property for property tax purposes. The SBE approved these revisions over the strong objections of the California Assessors Association, an organization representing all 58 County Assessors in California.

The Commission is not able to predict whether the revised SBE guidelines will cause any reductions in Tax Revenues. However, the Commission does not believe that the SBE's adoption of the revised guidelines will affect its ability to pay debt service on the 2011B Bonds.

Exclusion of Tax Increment Revenues for General Obligation Bonds Debt Service

An initiative to amend the California Constitution entitled "Property Tax Revenues - Redevelopment Agencies" was approved by California voters at the November 8, 1988 general election. Under prior law, a redevelopment agency using tax increment received additional property tax revenue whenever a local government increased its property tax rate to pay off its general obligation bonds. This initiative amended the California Constitution to allow the California Legislature to prohibit redevelopment agencies from receiving any of the property tax revenues raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness.

The initiative only applies to tax rates levied to finance general obligation bonds approved by the voters on or after January 1, 1989. Any revenue reduction to redevelopment agencies would depend on the number and value of the general obligation bonds approved by voters in prior years, which tax rate will reduce due to increased valuation subject to the tax or the retirement of the indebtedness.

Proposition 218

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles 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.

Tax Revenues securing the 2011B Bonds are derived from property taxes that are outside the scope of taxes, assessments and property-related fees and charges that were limited by Proposition 218.

Future Initiatives

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

Low and Moderate Income Housing

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the Redevelopment Law, requiring redevelopment agencies to set aside 20% of all tax increment allocated to redevelopment agencies from 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. Other statutes imposed this requirement on redevelopment plans adopted on or before December 31, 1976.

Housing Set-Aside may 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.

As explained above (see “SECURITY AND SOURCES OF PAYMENT FOR THE 2011A Bonds – Outstanding Parity Bonds”), 30.43% of the debt service on the 2003 Bonds is payable from Housing Set-Aside and 100% of the debt service on the 2011B Bonds is payable from Housing Set-Aside. See “HISTORICAL AND ESTIMATED TAX REVENUES.”

AB 1290

In 1993, the California Legislature enacted Assembly Bill 1290 ("AB 1290") which contained several significant changes in the Redevelopment 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. Since then, the Legislature has amended the Redevelopment Law in a variety of ways that impacts the factors regulated by AB 1290.

The Redevelopment Plan for the East Side Project Area contains tax increment limitations that are in compliance with the Redevelopment Law. See "THE EAST SIDE PROJECT AREA."

Senate Bill 211

On October 10, 2001 the Governor of the State signed into law Senate Bill 211 ("SB 211"), which allows redevelopment agencies to eliminate the time limits on their ability to incur debt for project areas established prior to January 1, 1994. Additionally, SB 211 allows redevelopment agencies to extend the termination date of their redevelopment plans and the deadline for the receipt of tax increment for the repayment of debt by 10 years for project areas established prior to January 1, 1994.

In order to extend the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain findings of blight in the applicable project areas. In addition, if a redevelopment agency elects to extend the time limits on the incurrence of debt, the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain additional statutory pass-throughs to other taxing entities.

The Commission has not eliminated its time limit to incur indebtedness in connection with the East Side Project Area.

AB 1389 Reporting Requirements

AB 1389 requires redevelopment agencies, under certain circumstances, to submit reports to the office of the county auditor in the county in which they are located. These reports are required to include calculations of the tax increment revenues that redevelopment agencies have received and payments that redevelopment agencies have made pursuant to tax sharing agreements with taxing entities and statutory tax sharing.

County auditors are required to review the reports and, if they concur, issue a finding of concurrence. The State Controller is required to review such reports and submit a report to the Legislative Analyst's office and the Department of Finance identifying redevelopment agencies for which county auditors had not issued a finding of concurrence or are otherwise not in compliance with provisions of AB 1389. AB 1389 includes penalties for any redevelopment agency listed on the most recent State Controller's report, including a prohibition on issuing bonds or other obligations until the listed agency is removed from the State Controller's report.

The Agency has filed all reports required under AB 1389, and has been found to be in compliance by County Auditor and the State Controller's office.

Senate Bill 1045; Senate Bill 1096

Pursuant to Senate Bill 1045 ("SB 1045") in connection with adoption of statutes requiring an ERAF shift for fiscal year 2003-04, the State Legislature authorized amendments of redevelopment plans to extend by one year the time limit of the effectiveness of the plan and the time limit to repay indebtedness and receive Tax Increment. By adoption of Ordinance No. 03-674 on January 5, 2004, the City Council acted to extend the redevelopment plan effectiveness for the East Side Project Area by the one year authorized by SB 1045.

Pursuant to Senate Bill 1096 ("SB 1096") in connection with the adoption of statutes requiring an ERAF shift for fiscal years 2004-05 and 2005-06, the State Legislature authorized amendments of redevelopment plans to extend by one year the time limit of the effectiveness of the plan and the time limit to repay indebtedness and receive Tax Increment. The East Side Project Area is not eligible for any extension of its time limits pursuant to SB 1096.

Property Assessment Appeals

An assessee of locally assessed or state-assessed property may contest the taxable value enrolled by the county assessor or by the SBE, respectively. The assessee of 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.

Under Section 51(b) of the Revenue and Taxation Code, the assessor may place a value on the tax roll lower than the compounded base assessment value if the full cash value of real property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in the value. Reductions in value 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 which 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.

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 property within 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 County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals.

See "HISTORICAL AND ESTIMATED TAX REVENUES – Assessment Appeals" for a discussion of historic and pending appeals in the East Side Project Area.

Proposition 8 Assessed Value Reductions

In 1978, a Constitutional amendment was passed by the California voters (Proposition 8) that provides for a temporary reduction in assessed value when the Proposition 13 value of a property exceeds its actual market value. The property owner is entitled to the lower of two values: (1) the property's existing Proposition 13 value, which is the purchase price and/or the cost of new construction, annually adjusted for inflation not to exceed 2% per year; or (2) the property's market value as of the January 1 property tax lien date.

Once this temporary reduction in assessed value has been granted by the County Assessor, the Assessor must review the property's value annually until it is fully restored to its Proposition 13 value. Depending on the market value determined by such future reviews, the assessed value may be further adjusted, left unchanged, be partially increased or be fully restored to its Proposition 13 value.

TAX MATTERS

General. The interest on the 2011B Bonds is not excluded from gross income for federal income tax purposes. However, in the opinion of Jones Hall, A Professional Law Corporation ("Bond Counsel"), San Francisco, California, interest on the 2011B Bonds is exempt from California personal income taxes. The proposed form of opinion of Bond Counsel with respect to the 2011B Bonds to be delivered on the date of issuance of the 2011B Bonds is set forth in APPENDIX E.

Owners of the 2011B Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2011B Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2011B Bonds other than as expressly described above.

Circular 230 Disclaimer. To ensure compliance with requirements imposed by the IRS, Bond Counsel informs owners of the 2011B Bonds that any U.S. federal tax advice contained in this Official Statement (including any attachments) (a) was not intended or written to be used and cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer and (b) was written to support the promotion or marketing of the 2011B Bonds. Each taxpayer should seek advice based on that taxpayer's particular circumstances from an independent tax advisor.

CERTAIN LEGAL MATTERS

The validity of the 2011B Bonds and certain other legal matters are subject to the approving legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. A copy of the proposed form of Bond Counsel's opinion is contained in APPENDIX E to this Official Statement, and the final opinion will be made available to the owners of the 2011B Bonds at the time of delivery of the 2011B Bonds.

Certain legal matters will be passed upon for the Commission by Jones Hall, A Professional Law Corporation, as Disclosure Counsel to the Commission, and by the City Attorney of the City, as Agency Counsel. Certain legal matters will be passed upon for the Underwriter by Fulbright & Jaworski L.L.P., Los Angeles, California. Bond Counsel, Disclosure Counsel and Underwriter's Counsel will receive compensation that is contingent upon the sale and delivery of the 2011B Bonds.

ABSENCE OF MATERIAL LITIGATION

No material litigation is pending, with service of process having been accomplished or, to the knowledge of the Commission, threatened, concerning the validity of the 2011B Bonds, the corporate existence of the Commission, or the title of the officers of the Commission who will execute the 2011B Bonds as to their respective offices. The Commission will furnish to Underwriter of the 2011B Bonds a certificate of the Commission as to the foregoing as of the time of the original delivery of the 2011B Bonds.

CONTINUING DISCLOSURE

The Commission has covenanted for the benefit of owners of the 2011B Bonds to provide certain financial information and operating data relating to the Commission by not later than six and one-half months after the end of the Commission's fiscal year, or January 15 each year based on the Commission's current fiscal year end of June 30 (the "Annual Report") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the Commission is set forth in APPENDIX F.

The Commission has never failed to comply in all material respects with any previous undertaking with regard to Rule 15c2-12(b)(5) to provide annual reports or notices of listed events.

UNDERWRITING

The 2011B Bonds are being purchased through negotiation by Stone & Youngberg LLC (the "Underwriter") at a price equal to $8,961,184.60, which represents the principal amount of the 2011B Bonds, less original issue discount of $358,963.40, and less an Underwriter's discount of $99,852.00. The initial public offering prices of the 2011B Bonds may be changed from time to time by the Underwriter.

The Purchase Contract for the 2011B Bonds among the Commission, the West Hollywood Public Financing Authority (the "Authority") and the Underwriter provides that the Underwriter will purchase all the 2011B Bonds from the Authority if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract including, among others, the approval of certain legal matters by counsel.

RATING

Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P"), has assigned its municipal bond rating of "BBB" to the 2011B Bonds.

This rating reflects only the view of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Commission has provided certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2011B Bonds may have an adverse effect on the market price or marketability of the 2011B Bonds.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the Commission.

WEST HOLLYWOOD COMMUNITY
DEVELOPMENT COMMISSION

By: /s/ Anil H. Gandhy
Anil H. Gandhy
Treasurer

APPENDIX A

CITY OF WEST HOLLYWOOD AND COUNTY OF LOS ANGELES ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information concerning the City of West Hollywood and surrounding areas are included only for the purpose of supplying general information regarding the areas in and surrounding the East Side Project Area. The 2011B Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

General Information

The City. The City of West Hollywood is centrally located, bordered by Beverly Hills on the west and Hollywood on the east. It encompasses a total area of 1.88 square miles within northern Los Angeles County.

Prior to incorporation, the City was a portion of unincorporated Los Angeles County. The City was incorporated on November 29, 1984, as a general law city. The City is governed by the City Council/Manager form of government which consists of an elected five-member board. The City is managed by a City Manager, who serves as chief executive officer of the City.

The County. Located along the southern coast of California, Los Angeles County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The county includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the County is mountainous and some 14 percent is a coastal plain known as the Los Angeles Basin. The low Santa Monica Mountains and Hollywood Hills run east and west and form the northern boundary of the Los Angeles Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the county is a semi-dry plateau, the beginning of the vast Mojave Desert.

Population

The following table shows population estimates for the City, the County and the State of California for the past five years.

CITY OF WEST HOLLYWOOD, LOS ANGELES COUNTY AND THE STATE OF CALIFORNIA
Population Estimates

Area	2006	2007	2008	2009	2010
City of West Hollywood	37,400	37,288	37,287	37,440	37,805
Los Angeles County	10,202,094	10,231,000	10,285,296	10,355,053	10,441,080
State of California	37,087,005	37,463,609	37,871,509	38,255,508	38,648,090

Source: State of California Department of Finance, Demographic Research Unit.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 is not comparable to that of prior years. A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during calendar year 2009 in the City were reported to be $982,585,000, a 13.13% decrease over the total taxable sales of $1,131,049,000 reported during calendar year 2008. Figures are not yet available for 2010.

CITY OF WEST HOLLYWOOD
Taxable Transactions
(Dollars In Thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
2005	1,211	832,439	2,158	1,002,770
2006	1,174	898,880	2,093	1,073,812
2007	1,207	952,739	2,145	1,137,572
2008	1,263	948,285	2,159	1,131,049
2009 (1)	1,362	833,761	2,000	982,585

(1) Data not comparable to prior years.
Source: State of California, Board of Equalization.

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 is not comparable to that of prior years. A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during calendar year 2009 in the County were reported to be $112,744,727,000, a 14.51% decrease over the total taxable sales of $131,881,744,000 reported during calendar year 2008. Figures are not yet available for 2010.

LOS ANGELES COUNTY
Taxable Transactions
(Dollars in Thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
2005	139,641	92,271,155	298,083	130,722,373
2006	142,512	95,554,193	295,701	136,162,552
2007	142,380	96,095,711	290,344	137,820,418
2008	146,999	89,810,309	289,802	131,881,744
2009 (1)	175,461	78,444,115	264,928	112,744,727

(1) Data not comparable to prior years.
Source: State of California, Board of Equalization.

Employment and Industry

The table below summarizes the labor force, employment and unemployment figures from 2005 through 2009 for Los Angeles County.

LOS ANGELES COUNTY
Annual Average Labor Force
Employment by Industry Group

	2005	2006	2007	2008	2009
Civilian Labor Force	4,771,400	4,797,400	4,863,800	4,924,500	4,896,100
Employment	4,516,000	4,568,200	4,617,100	4,557,300	4,328,600
Unemployment	255,400	229,300	246,700	367,200	567,500
Unemployment Rate	5.4%	4.8%	5.1%	7.5%	11.6%
Wage and Salary Employment: (1)					
Agriculture	7,400	7,600	7,500	6,900	6,200
Natural Resources and Mining	3,700	4,000	4,400	4,400	4,100
Construction	148,700	157,500	157,600	145,200	116,500
Manufacturing	471,700	461,700	449,200	434,500	389,200
Wholesale Trade	219,300	225,700	227,000	223,700	204,100
Retail Trade	414,400	423,300	426,000	416,500	386,600
Trans., Warehousing, Utilities	161,700	165,200	165,600	163,100	151,700
Information	207,600	205,600	209,800	210,300	193,700
Financial and Insurance	166,200	169,000	165,800	156,300	145,900
Real Estate, Rental & Leasing	77,800	79,800	80,300	79,400	74,300
Professional and Business Services	576,100	598,900	605,400	582,600	528,100
Educational and Health Services	471,300	478,700	490,500	503,400	513,900
Leisure and Hospitality	377,800	388,600	397,900	401,600	383,900
Other Services	144,300	145,200	147,100	146,100	137,900
Federal Government	53,500	52,300	51,100	51,100	50,000
State Government	78,200	79,500	81,000	82,400	82,200
Local Government	452,000	457,600	463,700	470,300	467,300
Total All Industries (2)	4,031,600	4,100,100	4,129,600	4,077,600	3,835,600

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) May not add due to rounding.
Source: State of California, Employment Development Department.

The table below lists the larger employers in the Los Angeles County area. Major private employers in the Los Angeles area include those in aerospace, health care, entertainment, electronics, retail and manufacturing. Major public sector employers include public universities and schools, the State of California and Los Angeles County.

LOS ANGELES COUNTY
Major Employers- Listed Alphabetically
2011

Employer Name	Location	Industry
American Honda Motor Co Inc	Torrance	Automobile & Truck Brokers (Whls)
California Institute Of Tech	Pasadena	Schools-Universities & Colleges Academic
California State-Northridge	Northridge	Crisis Intervention Service
Cedars Sinai Medical Ctr	West Hollywood	Physicians & Surgeons
Century Plaza Towers	Los Angeles	Office Buildings & Parks
Contractor State License Ctr	Burbank	Schools-Business & Vocational
Fire Command Control	Los Angeles	Fire Departments
Gold Coast Tire Co Inc	Los Angeles	Batteries-Storage-Retail
Kaiser Foundation Hospital	Los Angeles	Hospitals
Kaiser Permanente	Los Angeles	Physicians & Surgeons
LAC & USC Medical Ctr	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	City Government-Executive Offices
Long Beach Financial Mgmt	Long Beach	City Government-Finance & Taxation
Long Beach Memorial Medical	Long Beach	Hospitals
Los Angeles County Sheriff	Monterey Park	Sheriff
Los Angeles Police Dept	Los Angeles	Police Departments
Nestle USA	Glendale	Food Products & Manufacturers
Raytheon Space & Airborne Syst	El Segundo	Business Services Nec
Santa Monica College	Santa Monica	Schools-Universities & Colleges Academic
Six Flags Magic Mountain Inc	Valencia	Amusement & Theme Parks
Sony Pictures Entertainment	Culver City	Motion Picture Film-Distrs & Exchs
SynXis	Pasadena	Hotels & Motels
UCLA	Los Angeles	Schools-Universities & Colleges Academic
UCLA Health System	Los Angeles	Schools-Universities & Colleges Academic
Walt Disney Co	Burbank	Motion Picture Producers & Studios

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database.

Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2005 through 2009.

CITY OF WEST HOLLYWOOD
Building Permits Valuation
(dollars in thousands)

	2005	2006	2007	2008	2009
Permit Valuation					
New Single-family	$0.0	$1,003.6	$69.0	$310.5	$782.7
New Multi-family	0.0	23,139.0	19,641.4	2,614.2	420.0
Res. Alterations/Additions	6,555.0	8,010.3	11,714.5	6,167.0	6,362.9
Total Residential	6,555.0	32,152.8	31,424.9	9,091.7	7,565.6
New Commercial	0.0	967.2	20,000.0	124,144.1	621.6
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	591.3	1,461.1	3,085.6	1,787.2	723.5
Com. Alterations/Additions	3,045.0	8,443.5	53,174.3	23,865.2	13,818.8
Total Nonresidential	3,636.3	10,871.7	76,259.9	149,796.5	15,163.9
New Dwelling Units					
Single Family	0	6	1	1	4
Multiple Family	0	112	96	14	3
TOTAL	0	118	97	15	7

Source: Construction Industry Research Board, *Building Permit Summary*

LOS ANGELES COUNTY
Building Permit Valuations
(dollars in thousands)

	2005	2006	2007	2008	2009
Permit Valuation					
New Single-family	$2,915,511.7	$2,560,588.5	$2,560,588.5	$1,134,121.1	$798,305.0
New Multi-family	1,810,154.7	2,205,262.8	2,205,262.8	1,409,062.3	521,793.7
Res. Alterations/Additions	1,962,196.0	1,981,614.8	1,981,614.8	1,411,332.6	1,073,157.9
Total Residential	6,687,862.3	6,747,466.2	6,747,466.2	3,954,515.9	2,393,256.6
New Commercial	1,073,445.9	1,251,955.0	1,251,955.0	1,517,965.4	513,381.3
New Industrial	277,419.0	181,821.1	181,821.1	134,587.0	40,084.0
New Other	804,290.5	767,924.9	767,924.9	680,228.1	462,139.0
Com. Alterations/Additions	1,668,983.1	1,693,835.1	1,693,835.1	2,157,857.2	1,657,939.6
Total Nonresidential	3,824,138.4	3,895,536.1	3,895,536.1	4,490,637.8	2,673,543.9
New Dwelling Units					
Single Family	11,911	10,097	10,097	3,539	2,131
Multiple Family	13,736	16,251	16,251	10,165	3,522
TOTAL	25,647	26,348	26,348	13,704	5,653

Source: Construction Industry Research Board, *Building Permit Summary*

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County of Los Angeles, the State and the United States for the period 2005 through 2009.

LOS ANGELES COUNTY
Effective Buying Income
2005 through 2009

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2005	City of West Hollywood	$ 1,316,295	$38,836
	Los Angeles County	180,142,797	40,020
	California	720,798,106	44,681
	United States	5,894,663,363	40,529
2006	City of West Hollywood	$ 1,382,812	$40,162
	Los Angeles County	190,915,435	41,683
	California	764,120,963	46,275
	United States	6,107,092,244	41,255
2007	City of West Hollywood	$ 1,469,093	$42,134
	Los Angeles County	202,646,560	43,710
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of West Hollywood	$ 1,469,123	$42,672
	Los Angeles County	206,127,855	44,653
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of West Hollywood	$ 1,437,688	$43,163
	Los Angeles County	207,077,609	45,390
	California	844,823,319	49,736
	United States	6,571,536,768	43,252

Source: The Nielsen Company (US), Inc.

APPENDIX B

COMMISSION AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

APPENDIX C

FISCAL CONSULTANT'S REPORT

APPENDIX D

SUMMARY OF THE INDENTURE

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$9,420,000
West Hollywood Community Development Commission
East Side Redevelopment Project
2011 Tax Allocation Bonds, Series B
(Federally Taxable, Housing)

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the West Hollywood Community Development Commission (the "Commission") in connection with the issuance of the bonds captioned above (the "Bonds") under an Indenture of Trust, dated as of September 1, 2003, by and between the Commission and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as successor to BNY Western Trust Company, as supplemented to date, and further supplemented by a Second Supplement to Indenture of Trust dated as of March 1, 2011 (collectively, the "Indenture"), by and between the Commission and the Trustee.

The Commission covenants and agrees as follows:

1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Commission for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"*Annual Report Date*" means six and one-half months after the end of the Commission's fiscal year (which currently would be January 15 based upon the Commission's current June 30 fiscal year).

"Dissemination Agent" means The Bank of New York Mellon Trust Company, N.A., or any successor Dissemination Agent designated in writing by the Commission and which has filed with the Commission a written acceptance of such designation.

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

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the Commission in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Stone & Youngberg LLC, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

3. Provision of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 15, 2012, with the report for the 2010-11 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Commission shall provide the Annual Report to the Dissemination Agent (if other than the Commission). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Commission) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Commission to determine if the Commission is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Commission may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Commission's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Commission shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Commission hereunder. The Dissemination Agent may conclusively rely upon such certification of the Commission and shall have no duty or obligation to review any Annual Report.

(b) If the Commission does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Commission shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to the Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Commission, file a report with the Commission certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

4. Content of Annual Reports. The Commission's Annual Report shall contain or incorporate by reference the following:

(a) The Commission's Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Commission's audited financial statements are not available by the Annual Report Date, the Annual Report shall

contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Commission for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement for the Bonds, as follows:

(i) A summary of Commission indebtedness payable from tax increment generated with respect to the East Side Project Area, including the amount outstanding as of June 30 of the preceding fiscal year.

(ii) A summary of assessed valuations in the East Side Project Area for the preceding fiscal year by land use category in substantially the form of Table 1, entitled "East Side Project Area Land Use Categories."

(iii) A statement of largest property tax payers in the East Side Project Area for the preceding fiscal year in substantially the form of Table 2, entitled "East Side Project Area Top Ten Taxpayers."

(iv) A summary of assessed values and Tax Revenues in substantially the form of Table 3, entitled "East Side Project Area Historical Taxable Values and Tax Increment Revenues," but only for the most recently completed fiscal year.

(v) A statement of debt service coverage on the Bonds for the most recent fiscal year in substantially the form of Table 5A, entitled "Debt Service Coverage Projections."

(vi) A summary of the status of assessment appeals for the preceding fiscal year in substantially the form of the section entitled "HISTORIC AND ESTIMATED TAX REVENUES – Outstanding Appeals for Reduction of Assessed Valuation."

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Commission shall provide such further material 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.

(d) 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 Commission or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Commission shall clearly identify each such other document so included by reference.

5. <u>Reporting of Listed Events</u>.

(a) The Commission shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the Commission or other obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the Commission or an obligated person, or the sale of all or substantially all of the assets of the Commission or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Commission obtains knowledge of the occurrence of a Listed Event, the Commission shall, or shall cause the Dissemination Agent (if not the Commission) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above 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 under the Indenture.

(c) The Commission acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain

the qualifier "if material." The Commission shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Commission determines the event's occurrence is material for purposes of U.S. federal securities law.

6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

7. Termination of Reporting Obligation. The obligations of the Commission under this Disclosure Certificate shall terminate upon the legal defeasance or payment in full of all of the Bonds. If such termination occurs prior to the final maturity date of the Bonds, the Commission shall give notice of such termination in the same manner as for a Listed Event under Section 5.

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Commission 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, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; and

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the owners or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Commission 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 filed in the same manner as for a Listed Event under Section 5(c).

9. Dissemination Agent. The Commission 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 Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Commission and the Trustee. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A.

10. Duties, Immunities and Liabilities of Dissemination Agent. Article VI of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Commission agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder (including, without limitation, any alleged violations of the Securities Exchange Act of 1934, as amended), 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 Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Neither the Trustee nor the Dissemination Agent shall be responsible for the accuracy or validity of any information contained in any Annual Report or report of a Listed Event prepared by the Commission under this Disclosure Certificate.

11. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Commission 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 Commission 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 Commission 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Commission, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Default. In the event of a failure of the Commission to comply with any provision of this Disclosure Certificate, any Owner 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 Commission, as the case may be, 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 Commission to comply with this Disclosure Certificate shall be an action to compel performance.

Date: March 7, 2011

WEST HOLLYWOOD COMMUNITY
DEVELOPMENT COMMISSION

By: _____
Anil H. Gandhy
Treasurer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: West Hollywood Community Development Commission

Name of Issue: West Hollywood Community Development Commission
East Side Redevelopment Project
2011 Tax Allocation Bonds, Series B
(Federally Taxable, Housing)

Date of Issuance: March 7, 2011

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the West Hollywood Community Development Commission (the " Commission ") has not provided an Annual Report with respect to the above-named Bonds as required by the Second Supplement to Indenture of Trust dated as of March 1, 2011, relating to the Bonds. The Commission anticipates that the Annual Report will be filed by _____.

Dated: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: _____
Authorized Representative

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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.

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

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

RESOLUTION NO. CDC 96-003

A RESOLUTION OF THE GOVERNING BOARD OF THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION APPROVING AN ADVANCE AND REIMBURSEMENT AGREEMENT WITH THE CITY OF WEST HOLLYWOOD

THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

SECTION 1. The Agreement for Advance and Reimbursement of Administrative and Overhead Expenses, attached hereto as Exhibit A, is hereby approved. The Chair is hereby authorized and directed to execute such Advance and Reimbursement Agreement for and on behalf of the Commission.

PASSED, APPROVED and ADOPTED this 3rd day of June, 1996.

VICE-CHAIR

ATTEST:

Secretary

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)
CITY OF WEST HOLLYWOOD)

I, VIVIAN M. LOVE, CMC, Secretary of the West Hollywood Community Development Commission, hereby certify that Resolution No. 96-003, was duly passed, approved and adopted by the Governing Board of the West Hollywood Community Development Commission at a special meeting held the 3rd day of June, 1996, by the following vote:

AYES: Commissioners - Heilman, Land, Martin, Guarriello.
NOES: Commissioners - None.
ABSENT: Commissioners - Koretz.

Secretary

EXHIBIT A

AGREEMENT FOR ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE AND OVERHEAD EXPENSES

This Agreement is made as of the 3rd day of June, 1996, by and between the CITY OF WEST HOLLYWOOD (the "City") and the WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION (the "Commission").

RECITALS:

A. Pursuant to the Community Redevelopment Law (California Health and Safety Code Section 33000, et seq.) the City is undertaking a program for the redevelopment of blighted areas in the City.

B. The Commission is utilizing the staff and other resources of the City. The City Manager of the City serves as Executive Director of the Commission and it is anticipated that the staff of the Community Development Department, the staff of the Transportation and Public Works Department, and the staff of the Finance Department will devote substantial time in gathering information relating to redevelopment of blighted areas within the City, conferring with developers and potential developers of land within such blighted areas or the survey area, and conferring with public officials representing the taxing agencies and other governmental agencies regarding redevelopment.

C. By providing and making available to the Commission the staff and other resources of the City, and by providing and making available to the Commission office space, equipment, supplies, insurance, and other City services and facilities, the City has advanced and will continue to advance the cost of the foregoing to the Commission.

D. The City and the Commission desire to enter into this Agreement to acknowledge the foregoing recitals and to provide for an appropriate method of reimbursement of such advances by the Commission to the City.

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

Section 1. The City shall make available to the Commission its staff resources, office space, equipment, supplies, insurance and other services and facilities. The Commission shall have access to the services and facilities of the Planning Commission, the Community Development Department, the Public Works Department, the City Engineer, the other departments and offices of the City, and the City Attorney.

Section 2. The value of the staff resources, office space, equipment, supplies, insurance and other services and facilities, as determined by the City Manager

pursuant to Section 4 hereof, shall constitute a loan for the administrative expenses and overhead of the Commission to be repaid in accordance with this Agreement.

Section 3. On or prior to July 1st of each year, each of the department heads shall prepare and submit to the City Manager a detailed accounting of time spent during the immediately preceding fiscal year by department personnel on matters for or related to the Commission, the implementation of the overall program for the redevelopment of blighted areas within the City, and any undertaking in furtherance of any redevelopment plan by the City, the Commission, or any related or subordinate public entity of the foregoing. Each department head shall also prepare and submit to the City Manager a detailed accounting of the use of all office space, equipment supplies, insurance, and other City services and facilities used by department personnel in connection with time spent on the foregoing.

Section 4. Based upon the foregoing detailed accountings prepared and submitted by each of the department heads, the City Manager shall calculate the total of such time. The City Manager shall further calculate the total aggregate time spent by all City personnel during such fiscal year, and shall then determine the percentage of time spent on matters related to redevelopment as described above. The City Manager shall further determine the fair rental value of the office space and equipment, and the value of supplies, insurance, and other City services and facilities used during such fiscal year. Based upon the percentage of staff time spent on matters related to redevelopment, as calculated above, the City Manager shall determine a fair, reasonable and appropriate rental amount to charge to the Commission for the use thereof during such fiscal year.

Section 5. The Commission shall pay to the City, upon demand, the time charges, and the fair rental value of office space, equipment, supplies, insurance and other City services and facilities used during such fiscal year, as determined by the City Manager in accordance with Section 2 above. The Commission shall pay such charges, rental value and other value from any funds of the Commission lawfully available therefor; provided, however, that the obligation of the Commission shall be subordinate to any bonds, notes or other obligations of the Commission issued pursuant to law, and to any other obligation of the Commission incurred prior to the date of adoption of this Agreement.

Section 6. The City Manager shall review, from time to time, amounts previously paid by the Commission to the City, which amounts were intended to reimburse the City for the time spent by staff of the City, and for the use of office space, equipment, supplies, insurance and other City services and facilities by the Commission. In the event that the City Manager determines following such review that additional moneys are due and owing to the City, the City Manager shall make immediate demand therefor. In the event that the City Manager determines following such review that the City has overcharged the Commission for such use, the City Manager shall apply a credit in the amount of such overcharge to the next demand or demands made to the Commission pursuant to this Agreement.

Section 7. In addition to the City making available to the Commission its staff resources, office space, equipment, supplies, insurance and other services and facilities pursuant to Section 2 hereof, the City shall, from time to time and at the request of the Executive Director of the Commission, advance funds to the Commission in such amounts as the City Manager deems necessary for the administrative expenses and overhead of the Commission, including, but not limited to, expenses of redevelopment planning and dissemination of redevelopment information. Such amounts shall constitute a loan for the administrative and overhead of the Commission to be repaid to the City by the Commission upon demand of the City.

Section 8. Amounts not paid by the Commission to the City within 30 days of demand therefor pursuant to this Agreement shall bear interest at the average daily rate as determined by the Treasurer of the City paid to the City on its funds invested in the Local Agency Investment Fund from the date of such demand to the date of repayment.

CITY OF WEST HOLLYWOOD

_____
Mayor

ATTEST:

_____
City Clerk

WEST HOLLYWOOD COMMUNITY
DEVELOPMENT COMMISSION

_____
Chair

ATTEST:

_____
Secretary

[M] APPROVED
CS. 6/20/11

CITY COUNCIL
CONSENT CALENDAR

JUNE 20, 2011

SUBJECT: PROPOSED RESOLUTION APPROVING A LOAN AGREEMENT WITH THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION FOR THE EASTSIDE PROJECT AREA

INITIATED BY: Department of Finance and Technology Services
(Anil H. Gandhy, Director)
(Gina Schuchard, Accounting Services Manager)

STATEMENT ON THE SUBJECT:

The City Council will consider amending the loan agreement between the City of West Hollywood and the West Hollywood Community Development Commission (CDC) for the East Side Redevelopment Project.

RECOMMENDATION:

1) Adopt Resolution No. 11-4190, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST HOLLYWOOD APPROVING A LOAN AGREEMENT WITH THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION FOR THE EASTSIDE PROJECT AREA"; and
2) Authorize the City Manager to execute the Loan Documents.

BACKGROUND & ANALYSIS:

LOAN AGREEMENT

Since the start of the East Side Redevelopment Project in 1996, the City has committed funds in the amount of $28,257,756.17 to the Commission through June 2011 of which $28,232,006.17 has been repaid. These loans accrue interest from the date of payment to the Commission to the date of repayment, at a rate of 6%. During the last six months in fiscal year 2010-2011, there are 2 transactions proposed (see Exhibit C) between the City and the Community Development Commission. The first transaction is an operating loan between the General Fund and the RDA Capital Projects Fund in an amount not to exceed the approved $876,967. The second transaction is a repayment from the RDA Debt Service Fund to the General Fund in an amount not to exceed $876,967 for principal. These transactions will leave a loan balance of $25,750 between the City and the CDC.

AGENDA ITEM 2.Z

PROJECTED REVENUES

Fiscal year 2011-2012 will represent the thirteenth year in which the Redevelopment Agency (CDC) has received Tax Increment for the Eastside Project Area. This tax increment is strictly used to repay debt of the CDC, either loans from the City or Tax Allocation Bonds (TAB's) issued in 2003 and in 2010-2011 Fiscal Year. Projected revenues for gross tax increment in 2011-12 will be $6,335,000 in which $4,837,890 is available for debt service (repayment of loans and current programs) and $1,660,000 will be set aside for low or moderate income housing. The CDC is able to pay back more this year since it established a small reserve from tax increment received last year above original projections.

CONFORMANCE WITH VISION 2020:

These items are consistent with the Primary Strategic Goal of Fiscal Sustainability - monitor, protect and increase City resources.

EVALUATION:
N/A

ENVIRONMENTAL SUSTAINABILITY AND HEALTH:
N/A

OFFICE OF PRIMARY RESPONSIBILITY

Department of Finance and Technology Services

FISCAL IMPACT:

This item is establishing the loan agreement between the City and the Commission for items already approved by the City Council and the Commission. The City is lending funds to the Commission which will be repaid from future activities of the Commission. The activities of the Commission are included in the budget for the fiscal year.

Attachments:

1. Resolution (Exhibit A)
2. Loan Agreement (Exhibit B)
3. Loans between the City and the CDC (Exhibit C)

RESOLUTION NO.11-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST HOLLYWOOD APPROVING A LOAN AGREEMENT WITH THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION FOR THE EASTSIDE REDEVELOPMENT PROJECT AREA.

RECITALS:

A. The City Council of the City of West Hollywood pursuant to previous actions agreed to loan the West Hollywood Community Development Commission General Fund and Housing Trust Fund money;

B. The West Hollywood Community Development Commission pursuant to previous actions has agreed to the terms and accepts the loans;

C. Both parties desire to clarify the Loan Agreement for the Eastside Redevelopment Project Area;

THE CITY COUNCIL OF THE CITY OF WEST HOLLYWOOD HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

SECTION 1. The Loan Agreement for the Eastside Redevelopment Project Area, attached hereto as Exhibit B, is hereby approved.

PASSED, APPROVED AND ADOPTED THIS 20th day of June 2011.

_____
MAYOR

ATTEST:

_____
CITY CLERK

EXHIBIT A

CITY OF WEST HOLLYWOOD AND WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION LOAN AGREEMENT EASTSIDE REDEVELOPMENT PROJECT AREA

THIS AGREEMENT is entered into this 20th day of June 2011, by and between the City of West Hollywood a municipal corporation, (the "City"), and the West Hollywood Community Development Commission, a public body, corporate and politic, (the "Commission").

RECITALS

WHEREAS, the Commission has required assistance in funding certain redevelopment activities in the Eastside Redevelopment Project Area (the "Project Area"), including the administrative expenses, overhead, and housing loans of the Commission; and

WHEREAS, Section 33600 et. seq. of the California Community Redevelopment Law authorizes the Commission to borrow money or accept financial or other assistance from the City; and

WHEREAS, the City and Commission have adopted the Commission's annual budget for Fiscal Year 2011-2012.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, the parties hereto agree as follows:

COVENANTS

Section 1. Amount of Loan. The City from its General Fund and Housing Trust Fund has made loans to the Commission from 1996 to 2012 per Exhibit C. The loan amount is $25,750.

Section 2. Disbursement of Funds. The City disbursed said loan proceeds to the Commission upon receipt of a request from the Commission, and the Commission agreed to use such proceeds only for those purposes set forth in the Health and Safety Code and approved by the Commission within the adopted annual redevelopment budgets from Fiscal Year Ending 1997 to 2012.

Section 3. Repayment. The Commission agrees to repay the subject $25,750 loan plus accrued interest. The loan will start accruing interest from the date of payment to the Commission. The schedule for repayment will be based on availability of tax increment revenues to be able to repay the debt, including accrued interest. In the event that the Commission has insufficient funds to meet its entire loan obligation in any fiscal year after the starting date of repayment, partial payments shall first be applied to accrued but unpaid interest. Any interest and/or principal due but unpaid in any fiscal year shall be carried forward and shall be amortized over the remaining term of the loan. The Commission may fully or partially prepay the loan at any point during the term of the loan.

Section 4. Obligation Constitutes Indebtedness. This Loan Agreement shall constitute an obligation and debt of the Commission to use all available tax increment revenue to repay the City by periodic repayments. Such indebtedness shall be subordinate to any and all other Commission indebtedness incurred by the Commission, including indebtedness incurred through the issuance of tax allocation notes or bonds or any other bonds of the Commission.

IN WITNESS WHEREOF, the City and the Commission have executed this Agreement as of the date first above written.

CITY OF WEST HOLLYWOOD	ATTEST:
_____	_____
CITY MANAGER	CITY CLERK
WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION	ATTEST:
_____	_____
EXECUTIVE DIRECTOR	SECRETARY

EXHIBIT B

City & CDC Loans
For Six Months Ending June 30, 2011

Fiscal Year	Beg. Balance	Loans	Interest	Sub-total	Payments	End Balance
1997	-	76,593.32	-	76,593.32	-	76,593.32
1998	76,593.32	1,250,000.00	13,595.60	1,340,188.92	-	1,340,188.92
1999	1,340,188.92	140,851.71	79,595.60	1,560,636.23	-	1,560,636.23
2000	1,560,636.23	755,554.97	108,546.74	2,424,737.94	-	2,424,737.94
2001	2,424,737.94	8,127,650.00	430,369.48	10,982,757.42	(383,650.00)	10,599,107.42
2002	10,599,107.42	5,246,000.00	711,846.83	16,556,954.25	(2,300,000.00)	14,256,954.25
2003	14,256,954.25	-	796,239.17	15,053,193.42	(2,000,000.00)	13,053,193.42
2004	13,053,193.42	-	429,746.14	13,482,939.56	(8,073,328.72)	5,409,610.84
2005	5,409,610.84	-	324,576.65	5,734,187.49	-	5,734,187.49
2006	5,734,187.49	312,867.00	344,051.24	6,391,105.73	(312,867.00)	6,078,238.73
2007	6,078,238.73	250,569.00	364,694.31	6,693,502.05	(250,569.00)	6,442,933.05
2008	6,442,933.05	936,877.00	386,576.00	7,766,386.05	(936,877.00)	6,829,509.05
2009	6,829,509.05	1,089,934.00	409,770.54	8,329,213.59	(1,089,934.00)	7,239,279.59
2010	7,239,279.59	2,227,308.00	434,356.78	9,900,944.36	(2,227,308.00)	7,673,636.36
Six Mos 12/31/2010	7,673,636.36	1,901,660.00	230,209.09	9,805,505.45	(9,780,505.45)	25,000.00
Six Mos 6/30/2011	25,000.00	876,967.00	750.00	902,717.00	(876,967.00)	25,750.00
	Totals:	23,192,832.00	5,064,924.17	28,257,756.17	(28,232,006.17)	25,750.00

Exhibit C

AFFORDABLE HOUSING LOAN AGREEMENT

BETWEEN

THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF WEST HOLLYWOOD

AND

JANET L. WITKIN CENTER, LLC

April, 2011

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AFFORDABLE HOUSING LOAN AGREEMENT

This AFFORDABLE HOUSING LOAN AGREEMENT ("Agreement") is made and entered into as of April 5, 2011, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF WEST HOLLYWOOD, a public body, corporate and politic ("Commission"), and JANET L. WITKIN CENTER, LLC, a California limited liability company ("Developer").

RECITALS

A. Developer has proposed to Commission to redevelop the property located at 937 North Fairfax Avenue, West Hollywood, California, more particularly described in Attachment No. 1 attached hereto and incorporated herein by this reference (the "Property"), to provide approximately 17 units of affordable housing to very low and low income senior households (the "Project");

B. The Project would replace existing structures on the Property with a multiple family complex to dedicated affordable housing, and does not involve any change in zoning;

C. Developer has requested that Commission lend to Developer the sum of $2,482,025 for development of the Project;

D. Developer has obtained full entitlements to develop the Project, including approval by the Planning Commission as of November 4, 2010.

E. Commission has established the Low and Moderate Income Housing Fund, from which funds must be used exclusively for projects serving low and moderate income housing;

F. Commission has found that the use of monies from the RDA Low and Mod Housing Fund for the Project is consistent with the purposes of the fund; and

G. Commission is willing to lend Developer the sum of $2,482,025 for development of the Property, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, THE COMMISSION AND DEVELOPER AGREE AS FOLLOWS:

1. The Project. Developer proposes to develop an apartment building on the Property of approximately 17 units, and anticipates that the Project will use all but one of the units of housing for low income households, with the remaining unit to be a manager's unit.

2. Financing the Project.

(a) Developer proposes the following financing for the Project:

Source	Amount
County-Administered Federal HOME Funds	$ 2,056,000
Commission Loan	$ 2,482,025
Permanent Loan – AHP	$ 450,000
Permanent Loan – Conventional	$ 721,743
Total	$ 5,709,768

(b) Within 24 months from the date of this Agreement, Developer shall submit to Commission evidence that it has obtained sufficient financing, as described above, such that Commission is reasonably satisfied that Developer has the financial ability to implement the Project. The financing described in paragraph (a) of this Section 2, exclusive of the Commission Loan, is referred to herein as the "Additional Financing".

3. Commission Loan.

(a) Subject to the terms and conditions set forth in this Agreement, the Commission agrees to lend to Developer, and Developer agrees to borrow from Commission, loan funds in an amount not to exceed Two Million Four Hundred Eighty-Two Thousand and Twenty-Five Dollars ($2,482,025) (the "Commission Loan"), for purposes of funding, in part, construction of the Project. The Commission Loan shall be evidenced by a promissory note ("Commission Note") in the form attached hereto as Attachment No. 2 and incorporated by reference herein, and secured by a deed of trust ("Commission Deed of Trust") in the form attached hereto as Attachment No. 3 and incorporated by reference herein. The Commission Note shall bear simple interest at a rate of three percent per annum, which interest shall be forgiven each year that the Project is operated in compliance with the Regulatory Agreement. In consideration of the Commission Loan, Developer shall execute and cause to be recorded the Regulatory Agreement between Developer and Commission, in the form attached hereto as Attachment No. 4 and incorporated by reference herein ("Regulatory Agreement"). This Agreement, together with the Commission Note, the Commission Deed of Trust, and the Regulatory Agreement, are collectively referred to herein as the "Commission Documents."

(b) The Commission Loan shall be for a term of 55 years from the date of the Commission Note.

4. Conditions Precedent to Disbursement of Commission Loan.

(a) Commission shall not be obligated to disburse any portion of the Commission Loan to Developer or to take any other action under this Agreement unless all of the following conditions precedent are satisfied:

(i) Developer shall have delivered into Escrow (defined in Section 6) the executed Commission Note, and the executed and acknowledged Commission Deed of Trust and Regulatory Agreement;

(ii) Developer shall have delivered to the Commission a Phase I environmental study of the Property performed by a qualified environmental consultant, indicating that the Property is free of all substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 11001-11050; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq.; and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code, as "infectious waste" in Section 25117.5 of the California Health and Safety Code, or as "hazardous substances" in Section 25316 of the California Health and Safety Code or "hazardous materials" as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to those laws; or the Commission shall have waived this requirement in writing;

(iii) The Title Company (defined in Section 8) provides the Commission with a commitment indicating that it is prepared to issue, concurrently with the Close of Escrow, the Title Policy (defined in Section 8);

(iv) Developer shall have provided the Commission certificates of insurance (or copies of the insurance policies) required by Section 23 of this Agreement;

(v) Developer shall have delivered to Commission a construction budget (including the cost of all environmental remediation, if any), current as of the Closing Date, and evidence of financing consistent with Section 2, demonstrating to the satisfaction of the Executive Director that the Project is financially feasible and that sufficient funds are available to complete the Project;

(vi) Developer shall have delivered to Commission fully executed copies of the documents evidencing the Additional Financing.

(vii) Developer shall not be in default of its obligations to the Commission under this Agreement or under any other loan secured by a deed of trust encumbering the Property;

(viii) No claim of lien, stop notice, or similar notice shall have been asserted against the Commission, the Property, or the Project which has not been released (by payment, bond, or otherwise) or which will not be released concurrent with the closing;

(ix) The Close of Escrow (defined in Section 5) has occurred; and

(x) All of Developer's representations and warranties made in this Agreement shall be true and correct in all material respects.

5. Escrow.

(a) The parties will open an escrow with Lawyers Title Company, 801 S. Figueroa Street, Suite 870, Los Angeles, CA 90017, Ms. Cheryl Greer (Escrow Agent), (213) 330-3080, cgreer@litic.com (the "Escrow"). This Agreement constitutes the joint basic escrow instructions of Commission and Developer for closing of the Commission Loan and a copy of this Agreement shall be delivered to the Escrow Agent. Commission and Developer shall provide such additional or revised escrow instructions as shall be necessary for and consistent with this Agreement. In the event of any conflict between the provisions of this Agreement and the "standard form" escrow instructions of Escrow Agent, the provisions of this Agreement shall control.

(b) Developer shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified Developer of the amount of such fees, charges and costs, but not earlier than five (5) days prior to the scheduled date for closing the escrow.

(i) All escrow fees;

(ii) The premium for the Commission Title Policy, including for any special endorsements; and

(iii) Any and all other fees, including but not limited to recording fee and notary fees, necessary to close the escrow.

(c) Commission and Developer shall timely and properly execute, acknowledge and deliver into Escrow the Commission Regulatory Agreement.

(d) Developer shall timely and properly execute, acknowledge and deliver into Escrow the Commission Deed of Trust, and timely and properly execute and deliver into Escrow the Commission Note.

(e) The Escrow Agent is authorized to:

(i) Pay, and charge Developer and Commission for any fees, charges and costs payable under this subsection. Before such payments or charges are made, the Escrow Agent shall notify Commission and Developer in writing of the fees, charges and costs necessary to reconvey monetary liens in order to close the Escrow.

(ii) Disburse funds to the respective Party due the same and deliver the original Commission Note to Commission and other documents to the parties entitled thereto when the conditions of this Escrow have been fulfilled by Commission and Developer.

(iii) Record any instruments delivered through this Escrow if necessary or proper, in accordance with the terms and provisions of this Agreement, and deliver conformed copies to both parties.

(f) All communications from the Escrow Agent, Commission, or Developer shall be directed to the addresses and in the manner established in Section 28 of this Agreement for notices, demands and communications between Commission and Developer.

(g) For purposes of this Agreement, "Close of Escrow" shall be defined as the date that the Commission Regulatory Agreement, the Commission Deed of Trust, and any Regulatory Agreements required by a funding agency or agencies are recorded among the land records in the Office of the County Recorder for Los Angeles County. The Close of Escrow shall not occur until both parties have informed the Escrow Agent, in writing, that the Escrow is read to close. The obligation of Commission to fund the Commission Loan shall expire if the Close of Escrow does not occur on or before the date (the "Closing Date") that is 120 days after the date of this Agreement, or such later date as may be agreed upon in writing by mutual agreement of the parties. In the event of the such expiration prior to the Close of Escrow, the Escrow Agency shall return all money, papers or documents deposited with the Escrow Agent to the party who deposited same, and the Escrow shall be closed as soon as possible.

6. Replacement Reserve.

(a) Commencing upon the Close of Escrow, Developer shall establish and thereafter maintain, in a depository acceptable to the Executive Director, a reserve fund to be known as the "Replacement Reserve." The City hereby agrees that the replacement reserve to be established with Union Bank, N.A. is an approved depository. The Replacement Reserve contributions shall be set at no less than Three Hundred Dollars ($300.00) per unit per year (or such greater amount as may be required by other project lenders), and Developer shall be credited with Replacement Reserve deposits made by it as required by other project lenders, and the funds therein shall be used as the primary resource to fund capital improvements. The Replacement Reserve shall remain in the form of cash, and shall include all income earned thereon.

(b) Disbursements from the Replacement Reserve shall be for the purpose of replacing structural elements or equipment of the Project, or for any other purpose consistent with maintaining the physical or financial integrity of the Project. Every calendar quarter, Developer shall submit a report, with supporting documentation, in form satisfactory to the Executive Director, of all expenditures from the Replacement Reserve. Any withdrawals in excess of $5,000 shall require the prior written consent of the Commission, which consent may not be unreasonably withheld; provided, however, if an expenditure was approved by another project lender authorized by this Agreement, it shall be deemed to be reasonable.

(c) Subject to the rights of any senior lenders, in the event of a default by Developer under this Agreement or of a default or event of default under the Commission Note or Commission Regulatory Agreement, Commission in its sole discretion may apply or authorize the application of the funds in the Replacement Reserve to the amount then due under the Commission Note or use such funds for the continued operation of the Project. The Replacement Reserve shall be maintained during the period when any Commission Loan balance remains outstanding.

7. Disbursement of Commission Loan.

(a) The Commission Loan shall be used for construction of the Project and any reasonable expenses associated with development of the Project. Developer agrees to use the proceeds of the Commission Loan for the foregoing purposes and for no other purposes. Developer shall not be entitled to reimbursement for services in an amount greater than a reasonable sum for the services rendered.

(b) The Commission shall disburse the Commission Loan proceeds from time to time for costs actually incurred following receipt by the Commission of original invoices for the services and costs incurred, evidence of Developer's payment thereof and a clear description of the necessity for the costs. The Commission shall retain the right to confirm that the services were provided as stated and to industry standards, and that the costs were reasonable. Developer shall provide a preliminary budget for expenditures and a schedule of milestones within 30 days of the effective date of this Agreement. Developer shall provide regular monthly updates on the budget together with an explanation for any line item whose deviation from the preliminary budget exceeds 10 percent of that line item.

8. Title Insurance. Developer represents and warrants that, at the closing of the Commission Loan, Developer shall be the owner of the Property, and the Property shall be encumbered only by the matters approved by the Executive Director of the Commission that are shown on the applicable Preliminary Title Report delivered to the Commission for the Property. Concurrently with the closing of the Commission Loan, Developer shall cause to be delivered to the Commission an ALTA Lender's Policy of Title Insurance Form B-1970, if available (and if unavailable, then form B-1987), without any creditors' rights exclusions or exceptions, or arbitration provisions, or a commitment for same, together with such endorsements as shall be required by the Commission (the "Title Policy"), from Lawyers Company ("Title Company") insuring the priority of the Commission Deed of Trust and the Regulatory Agreement, superior to all liens and encumbrances other than those approved in writing by the Commission. Moreover, prior to delivery of the Commission Loan funds, all real property taxes shall be current and there shall not be any delinquency in payment of real property taxes.

9. Covenants, Warranties and Representations. Developer makes the following covenants, representations and warranties as of the date of this Agreement and agrees that such representations and warranties shall survive and continue thereafter:

(a) Authority. Developer has complied with all laws and regulations concerning its organization, existence and transaction of business. Developer has the right and power to acquire the Property and develop the Project thereon as contemplated in the Commission Documents;

(b) Enforceability. Developer has full right, power and authority to execute and deliver the Commission Documents and to perform the undertakings of Developer contained in the Commission Documents. The Commission Documents constitute valid and binding obligations of Developer that are legally enforceable in accordance with their terms;

(c) No Breach. None of the undertakings of Developer contained in the Commission Documents materially violate any applicable statute, law, regulation or ordinance or any order or ruling of any court or governmental entity, or materially conflicts with, or constitutes a material breach or default under, any agreement by which Developer or the Property is bound or regulated;

(d) Financial Information. All financial information delivered to the Commission, including, without limitation, information relating to Developer, the Property, and the Project, fairly and accurately represents such financial condition as of the date of its preparation and has been prepared in accordance with generally accepted accounting principles consistently applied, unless otherwise noted in such information. No material adverse change in such financial condition has occurred which will materially impair Developer's ability to perform its obligations under the Commission Documents;

(e) Proceedings. Developer is not in violation of any statute, law, regulation or ordinance, or of any order of any court or governmental entity. Developer has no knowledge of any claims, actions or proceedings pending or threatened against Developer or affecting the Property, or improvements thereon other than those disclosed to the Commission in writing;

(f) Accuracy. To the best of Developer's knowledge, all documents, reports, instruments, papers, data, information and forms of evidence delivered to the Commission regarding the Project or the Commission Loan are accurate and correct in all material respects, are complete insofar as completeness may be necessary to give the Commission true and accurate knowledge of the subject matter thereof, and do not contain any misrepresentation or omission of a material fact. The Commission may rely on such reports, documents, instruments, papers, data, information and forms of evidence without any investigation or inquiry; and

(g) Utilities. All utility services including, without limit, gas, water, sewage, electrical and telephone, necessary for the development and the occupancy of the Property, and the improvements thereon are available at or within the boundaries of the Property.

10. Security Financing, Rights of Holders.

(a) No Encumbrances Except as Mortgages or Other Financing for Development. Notwithstanding any other provision of this Agreement, mortgages and deeds of trust (collectively, "Mortgages") are permitted to be recorded against Developer's interest in the Property, or any portion thereof, except only that before the recordation of the Certificate of Completion, such Mortgages may be obtained by Developer only for the purpose of securing funds to be used for financing the work of construction and rehabilitation required by the Scope of Development (the "Work") and/or any take-out financing related to the development of the Property in an amount equal to or less than the total costs related to the development of the Property and any other expenditures necessary or appropriate to develop the Property under this Agreement, including without limitation real and personal property taxes, related off-Property improvements, insurance premiums, closing costs, attorneys' fees, loan carrying costs and costs of financing.

Developer shall notify Commission in advance of any Mortgage if Developer proposes to enter into the same before issuance of the Certificate of Completion. Developer shall not enter into any such Mortgage without the prior written approval of Commission, which approval Commission agrees to give if any such Mortgage is to a Qualified Financial Institution, and which must in any event be acted upon by Commission within ten (10) days of Commission receiving evidence of the financing. In any event, Developer shall promptly notify Commission of any Mortgage that has been created or attached to the Property prior to issuance of the Certificate of Completion, whether by voluntary act of Developer or otherwise.

For purposes of this Section 10, "Qualified Financial Institution" means a bank, savings and loan, pension fund, insurance company, investment fund or other institutional entity which is duly established and in the business of financing the size and type of development contemplated hereunder and which, in the reasonable opinion of the Commission Manager, has a sufficient net worth and liquidity position to meet the contemplated financing commitment. Commission hereby approves any Mortgage to one of the lenders listed in Section 2 of this Agreement, to the extent the Mortgage secures financing for the Project that is consistent with the financing plan described in Section 2.

(b) Holder Not Obligated to Construct Improvements. A holder of any Mortgage (each, a "Holder") shall in no way be obligated by the provisions of this Agreement to complete the Work or to guarantee such completion. Nothing in this Agreement shall be deemed or construed to permit or authorize any Holder to devote the Property to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

(c) Notice of Default to Mortgage Holders; Right to Cure. If Developer shall mortgage the Property and/or the improvements thereon, or any part or parts thereof, Commission agrees that so long as any such Mortgage(s) shall remain unsatisfied of record or until written notice of satisfaction is given by the Holder(s) to Commission, whenever Commission shall deliver any notice or demand to Developer regarding any breach or default by Developer in completion of the Work, or any other alleged default, Commission shall at the same time deliver to each Holder of record authorized by this Agreement a copy of such notice or demand, but only if: (i) the Mortgage(s) is authorized by paragraph (a) of this Section 9, (ii) the Holder(s) of such Mortgage(s) shall have delivered to Commission a true copy thereof, together with written notice specifying the name and address of the Holder(s) and the pertinent recording data with respect to such Mortgage(s), and (iii) such Mortgage(s) delivered by such Holder(s) contain(s) provisions permitting Commission's right to cure in accordance with paragraph (e) hereof:

Each such Holder shall (insofar as the rights of Commission are concerned) have the right at its option, within ninety (90) days after the expiration of any and all cure periods available to Developer, to cure or remedy such default and to add the cost thereof to the security interest debt and to the lien on its security interest or the obligations of Developer under any sale lease-back or of the grantor under any other conveyance for financing. If such default shall be a default which can only be remedied or cured by such Holder upon obtaining possession of the Property and such Holder seeks to obtain possession with diligence through a

receiver or otherwise, such Holder shall have until ninety (90) days after obtaining possession to cure such default. Notwithstanding anything to the contrary contained herein, in the case of a default which cannot with diligence be remedied or cured, or the remedy or cure of which cannot be commenced, within ninety (90) days, such Holder shall have such additional time as reasonably necessary to remedy or cure such default with diligence; provided, further, such Holder shall not be required to remedy or cure any non-curable default of Developer.

Nothing contained in this Agreement shall be deemed to permit or authorize such Holder to undertake the Work (beyond the extent necessary to conserve or protect the improvements or construction already made, including, without limitation, the ability to continue the construction or completion of improvements already begun) without first having expressly assumed the obligations of Developer, by written agreement reasonably satisfactory to Commission. The Holder in that event shall only be liable or bound by Developer's obligations hereunder for such period as the Holder was in possession of the Property and, notwithstanding anything to the contrary contained in this Agreement, shall only be liable to the extent of its interest in the portion of the Property and the improvements owned by it thereon. The Holder in that event must agree to complete, in the manner provided in this Agreement, the Work to which the lien or title of such Holder relates. Any such Holder properly completing such Work shall be entitled, upon written request made to Commission, to a Certificate of Completion from Commission for such Work.

Breach of any of the covenants, conditions, restrictions, or reservations contained in this Agreement shall not defeat or render invalid the lien of any Mortgage made in good faith and for value as to the Property or any portion of the Property or interest therein, whether or not the Mortgage is subordinated to this Agreement. Unless otherwise herein provided, the terms, conditions, covenants, restrictions and reservations of this Agreement shall be binding and effective against the Holder and any owner of the Property, or any portion of the Property, whose title thereto is acquired by foreclosure, trustee's sale, or otherwise.

No purported rule, regulation, modification, amendment and/or termination of this Agreement affecting the rights of a Holder shall be binding upon any Holder holding a Mortgage from and after the date of recordation of such Mortgage unless and until the written consent of such Holder is obtained.

(d) Failure of Holder to Complete Improvements. If in any case, within sixty (60) days after all cure periods have expired after default by Developer in completion of the Work on the Property under this Agreement, and the notice required by Section 22 was properly given, and a Holder has not exercised the option afforded in paragraph (c) hereof to complete the Work, Commission may, upon thirty (30) days' written notice: (i) purchase the Mortgage by payment to the Holder of the amount of the unpaid debt plus accrued but unpaid interest and other advances and amounts secured by the security interest; (ii) assume such Mortgage in accordance with the terms of such Mortgage upon the prior written consent of such Holder, and/or (iii) terminate this Agreement by notice to Developer.

(e) Right of Commission to Cure Mortgage Default. In the event of an uncured default or breach by Developer of a Mortgage for financing for the Property prior to the

issuance of the Certificate of Completion (unless Developer is contesting such default in good faith), and the Holder has not exercised its option to complete the Work, Commission may, pursuant to the terms of this Agreement, cure the default no sooner than immediately prior to completion of any imminent foreclosure. In such event, Commission shall be entitled to reimbursement of all direct and actual costs and expenses incurred by Commission in curing the default which reimbursement shall be a nonrecourse obligation of Developer. Such reimbursement amount may be secured at Commission's option by a lien against Developer's interest in the Property. Any such lien shall be subordinate and subject to existing mortgages, deeds of trust or other security instruments and grantees under other conveyances for financing permitted pursuant to this Agreement.

11. Construction.

(a) Scope of Development. Subject to all of the terms, conditions and restrictions contained in the Agreement, Developer shall complete the improvements on the Property in accordance with the Scope of Development attached hereto as Attachment No. 5 and the plans approved by Commission (the "Work").

(b) Schedule of Performance. Developer shall complete the Work in accordance with the Schedule of Performance attached hereto as Attachment No. 6.

(c) Cost of Construction. The cost of the Work, together with all on- and off-site improvements set forth in the Scope of Development or otherwise required by the Commission Building Official, shall be borne by Developer, including through the use of the proceeds of the Commission Loan. The parties hereby acknowledge and agree that any increase in costs above the amounts projected or assumed by Developer, or decreases in operating incomes below the amounts projected or assumed by Developer, shall be at the sole financial risk of Developer.

(d) Permits. Prior to commencing any construction on the Property, Developer shall obtain all necessary permits for such construction activities.

12. Preliminary Notices. Developer agrees that copies of all preliminary notices delivered pursuant to Section 3097 of the California Civil Code (a) to Developer and (b) to the Property, addressed to "Community Development Commission of the City of West Hollywood," or "Lender," shall be promptly delivered to the Commission. Developer further agrees that the Commission and the Commission's agents shall have the right at all reasonable times to enter upon the Property and post such notices and other written or printed material thereon as it may deem necessary or desirable for its protection as the Commission.

13. Mechanics' Liens. In the event of the filing of a lien notice or the recording of a mechanic's lien pursuant to applicable law of the State of California relating to works of improvement upon real property, and in the event Developer fails to furnish the Commission a bond causing such notice or lien to be released, within 20 days of notice from Commission to do so, such failure shall at the option of Commission constitute a default under the terms of this Agreement.

14. Local, State, and Federal Laws. Developer shall perform its activities on the Property in conformity in all material respects with all applicable laws, including without limitation, all applicable federal and state labor standards and prevailing wage requirements and all environmental laws.

15. Commission and Other Governmental Permits. Developer covenants that it shall secure any and all permits that may be required by the Commission or any other governmental agency required for its activities on the Property.

16. Rights of Access. Representatives of the Commission shall, upon at least 48 hours prior notice to the Developer, have the reasonable right of access to the Property without charges or fees, at normal business hours during the term of the Commission Note, for the purposes of this Agreement; the Commission shall not unreasonably interfere with the renovation or operation of the Project in conducting such inspections.

17. Certificate of Completion.

(a) Promptly after completion of the Work, Commission shall furnish Developer with a Certificate of Completion upon written request by Developer. The Certificate of Completion shall constitute a conclusive determination of satisfactory completion of the Work required by this Agreement. Commission shall not unreasonably withhold any such Certificate of Completion. The Certificate of Completion shall be in the form attached hereto as Attachment No. 7 and incorporated herein by this reference.

(b) If Commission refuses or fails to furnish a Certificate of Completion within ten (10) working days after written request therefor from Developer, Commission shall, within such period of ten (10) working days, provide Developer with a detailed written statement of the reasons why Commission refuses or fails to furnish such Certificate of Completion and the specific actions that Developer must take to obtain such Certificate of Completion.

(c) Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any Holder, or any insurer of a mortgage securing money loaned to finance the Project, or any part thereof. Such Certificate of Completion is not a notice of completion as referred to in California Civil Code Section 3093.

18. Prohibition Against Transfer. Developer shall not, except as permitted by this Agreement, assign or attempt to assign this Agreement or any right herein, nor make any total or partial sale, transfer, lease, conveyance or assignment of the whole or any part of the Property, the Property or the improvements thereon. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property or to prohibit or restrict the renting for occupancy of residential units on the Property (subject to the terms of the Regulatory Agreement), nor shall it prohibit granting any security interests permitted in this Agreement for financing the development of the Property or any permanent financing of the Project. Notwithstanding the foregoing, Developer may lease apartments within the Property (subject to the Regulatory Agreement) in the ordinary course of business.

19. Documentation and Record-Keeping

(a) Retention. Developer shall retain all records pertinent to expenditures incurred under this Agreement for a period of three years after the termination of all activities funded under this Agreement. Records for non-expendable property acquired with funds under this Agreement shall be retained for three years after final disposition of such property.

(b) Audits & Inspections. All Developer records with respect to any matters covered by this Agreement shall be made available to the Commission or its designees at any time during normal business hours, as often as the Commission reasonably deems necessary, to audit, examine, and make excerpts or transcripts of all relevant data, at Commission's expense. Any deficiencies noted in audit reports must be fully cleared by Developer within 30 days after receipt by Developer provided, however, that if such deficiency is not reasonably capable of being fully cleared within such 30 day period and provided further that Developer shall commence such actions as shall be necessary or appropriate to clear such deficiency and diligently pursues such actions thereafter, Developer shall have up to 90 days to fully clear any such deficiency unless some shorter period shall be demanded by Commission. Failure of Developer to comply with the above audit requirements will constitute a violation of this Agreement. Developer hereby agrees to have an annual agency audit conducted in accordance with current Commission policy concerning audits of recipients of Commission funds.

20. Reporting. Developer shall provide Commission's Housing Manager with quarterly progress reports on the predevelopment activities relating to the Project. Developer shall also keep the Commission apprised of all ongoing negotiations to obtain additional financing for the Project. Developer shall obtain Commission's approval of the terms, conditions, and amounts of any such additional financing prior to Developer's entering into any commitments therefore, which approval shall not be unreasonably withheld.

21. INTENTIONALLY LEFT BLANK

22. Default. Developer shall be in default hereunder if (i) Developer fails to pay any monetary obligation when due and 10 days written notice of such delinquency has expired without Developer's cure thereof, or (ii) Developer fails to perform any non-monetary obligation when performance is due and a period of 30 days after written notice of such delinquency has expired without Developer's cure thereof provided, however, that if such default is not reasonably capable of being fully cured within such 30 day period and provided further that Developer shall commence such actions as shall be necessary or appropriate to cure such default and shall diligently pursue such cure thereafter, Developer shall have up to 90 days to cure any such default unless some shorter period shall be demanded by Commission or by a lender having a lien on the Property senior and superior to that held by Commission. If Developer shall default in the performance of any or all of the terms, covenants and conditions contained in this Agreement, or any other obligation of Developer to the Commission under the Commission Documents, subject to all applicable notice requirement and cure periods, all sums disbursed or advanced by the Commission shall, at the option of Commission, immediately become due and payable, and the Commission shall be released from any and all obligations to Developer under the terms of this Agreement. In that event, all plans, drawing and reports paid for by the

Commission Loan, if any, shall become the property of the Commission. The Commission shall have no liability whatsoever for any acts or omissions of Developer or its architects, contractors, or agents, or any one of them, or any other person furnishing services, labor and/or material to Developer in connection with the Property or the Project.

23. Insurance and Indemnity.

(a) Insurance.

(i) Developer shall procure at its sole cost and expense, and shall keep in effect from the date of this Agreement and at all times until the end of the term, commercial general liability insurance applying to the use, entry onto, occupancy of, and activities on the Property. Such general liability coverage shall have a minimum limit of One Million Dollars ($1,000,000) per occurrence with aggregate liability of at least Two Million Dollars ($2,000,000). The general liability insurance shall include Contractual Liability coverage, as provided by the ISO commercial general liability form CG0001 and shall be written to apply to all bodily injury, property damage, personal injury and other covered loss, however occasioned, occurring during the policy term.

(ii) Developer shall also maintain automobile liability insurance for owned, non-owned or hired automobiles, if any in the amount of One Million Dollars ($1,000,000) combined single limit per accident.

(iii) All liability insurance shall include or be endorsed to include provisions adding the Commission and its board members, officers, employees and agents as additional insureds, and to provide that such coverage shall be primary and that any insurance maintained by the Commission shall be excess insurance only. Such coverage shall be endorsed to waive the insurer's rights of subrogation against the Commission or shall allow (not prohibit) waiver of recovery rights by Developer. Developer hereby waives its rights of recovery against the Commission and its board members, officers, employees and agents. The commercial general liability insurance and automobile liability shall be in force prior to release of any Commission Loan proceeds. Coverage shall state that the insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(iv) Developer shall also maintain Workers' Compensation insurance in accordance with California law, and an employer's liability insurance endorsement with limits of One Million Dollars ($1,000,000). Any policy shall be endorsed with a waiver of subrogation clause for the Commission and its board members, officers, employees, and agents, if available from Developer's underwriter.

(v) Developer shall obtain (or cause to be obtained) and keep in force until the Commission Note is paid in full a policy of fire and extended coverage insurance, covering loss or damage to the Project, including all improvements thereon, in the amount of the full replacement value thereof, except for the pre-development period which shall be insured on an "actual cash value" basis, but in all other events not less than the replacement value of all

improvements at the Property, against all perils included within the classification of fire, extended coverage, builder's risk, vandalism, malicious mischief, and shall, during construction, include a Builders Risk construction endorsement covering both new work and existing structures. The Commission shall be named as a loss payee on such policy. If any such insurance coverage has a deductible clause, the deductible amount shall not exceed $10,000 per occurrence, and Developer shall be liable for such deductible amount.

(vi) All insurance described in this Section shall be endorsed to provide the Commission with 30 days' advance notice of cancellation, expiration or non-renewal.

(vii) If Developer fails or refuses to maintain insurance as required hereunder, or fails to provide the proof of insurance, the Commission shall have the right to declare Developer in default.

(viii) The procuring of such required policies of insurance shall not be construed to limit Developer's liability hereunder, nor to fulfill the indemnification provisions and requirements of this Agreement. Notwithstanding the insurance policies, Developer shall be obligated for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this Agreement or with the use or occupancy of the Property.

(b) Insurance Policies. If Developer shall fail to obtain any insurance required hereunder, the Commission may, at its election, after written notice to Developer, obtain such insurance and Developer shall reimburse the Commission for the cost thereof plus a five percent handling charge, within five business days following demand therefor. Insurance required hereunder shall be issued by companies reasonably satisfactory to the Commission. Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California, or carriers with a rating of, or equivalent to, A:VIII by A.M. Best & Co. Any deviation from this rule shall require specific approval in writing from the Commission. Developer shall deliver to the Commission copies of policies of such insurance or certificates evidencing the existence and amounts of such insurance with loss payable clauses as required by this Section. No such policy shall be cancelable except after 30 days prior written notice to the Commission. Developer shall, at least 30 days prior to the expiration of such policies, furnish the Commission with renewals or "binders" thereof. Developer shall not do or permit to be done anything that shall invalidate the insurance policies referred to in this Section. All policies of insurance shall name the Commission, and its officials, employees, and volunteers, and, at the Commission's option, any additional parties designated by the Commission, as additional insureds. All insurance required to be provided hereunder is in addition to, and not in lieu of, the indemnity provisions set forth below.

24. Indemnity. Developer shall indemnify, defend, protect, and hold harmless the Commission, and its officers, agents, employees, and volunteers (collectively, the "Indemnitees") from and against any and all claims, losses, proceedings, damages, causes of action, liabilities, costs and expenses (including reasonable attorneys' fees) arising from or in connection with, or caused by (i) any act, omission or negligence of Developer or any of Developer's respective contractors, licensees, invitees, agents, servants or employees, wheresoever the same may occur; (ii) any use of the Property, or any accident, injury, death or

damage to any person or property occurring in, on or about the Property or any part thereof, or from the construction or use by Developer of the Property or the Project, or from any activity, work or thing done, permitted or suffered by Developer or its contractors, employees, servants, or invitees, in or about the Property or elsewhere to the extent not caused by the acts or omissions of any of the Indemnitees; and (iii) any breach or default in the performance of any obligations on Developer's part to be performed under the terms of this Agreement, or arising from any negligence of Developer, or any such claim or any action or proceeding brought thereon; and in case any action or proceeding is brought against the Commission by reason of any such claim, Developer upon notice from the Commission shall defend the same at Developer's expense with counsel reasonably satisfactory to the Commission. Developer, as a material part of the consideration to the Commission, hereby assumes all risk of damage to property or injury to persons in, upon or about the Property arising from any cause whatsoever, except to the extent caused by Commission's gross negligence or willful misconduct. These provisions are in addition to, and not in lieu of, the insurance required to be provided by Section 23.

25. Nondiscrimination.

(a) Developer will not discriminate against any employee or applicant for employment because of race, color, sexual orientation and/or gender identity, creed, religion, ancestry, political affiliation or opinion, national origin, sex, physical condition, medical condition, pregnancy or pregnancy-related condition, or condition of physical or mental disability or other handicap, age, marital status, or status with regard to public assistance. Developer will take affirmative action to insure that all employment practices are free from such discrimination. Such employment practices include but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting agency setting forth the provisions of this nondiscrimination clause.

(b) Developer agrees that there shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, sexual orientation and/or gender identity, creed, religion, ancestry, political affiliation or opinion, national origin, sex, physical condition, medical condition, pregnancy or pregnancy-related condition, or condition of physical or mental disability or other handicap, age, marital status, or status with regard to public assistance in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Developer itself or any person claiming under or through Developer, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property.

26. Independent Contractor. Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing a partnership, joint venture or relationship of employer/employee or principal/agent between the parties. Developer shall at all times remain an independent contractor with respect to the services to be performed under this

agreement. The Commission shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance as Developer is an independent contractor.

27. Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by personal delivery or by overnight courier. Notices shall be considered given upon the earlier of (a) personal delivery; (b) two business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested; or (c) one business day following deposit with an overnight courier. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Commission: Community Development Commission of the
City of West Hollywood
8300 Santa Monica Boulevard
West Hollywood, California 90069
Attention: Housing Manager

Developer: Janet L. Witkin Center, LLC
C/O Alternative Living for the Aging
2029 Century Park East, Suite 4349
Los Angeles, California 90067
Attention: Executive Director

28. General. Time is of the essence of this Agreement and of each and every provision hereof. All covenants and agreements contained herein shall run with the land and shall be to the benefit of the Commission, and shall be liberally interpreted to give full force and effect in view of the public purposes of the Commission Loan.

29. Disbursements in Excess of Maximum Commission Loan Amount. In the event the total disbursements by the Commission exceed the maximum Commission Loan amount, the Commission Deed of Trust shall secure the total of all disbursements.

30. Grantor Recognition. Developer shall recognize the role of the Commission in providing services through this Agreement. All activities, facilities and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, Developer will include a reference to the financial support provided herein in all publications made possible with funds made available under this Agreement.

31. Amendments. The Commission and Developer may amend this Agreement at any time provided that such amendments make a specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of both organizations, and approved by the Commission.

32. No Waiver; Remedies Cumulative. No disbursement of proceeds of the Commission Loan shall constitute a waiver of any conditions to further disbursements nor, in the event Developer is unable to satisfy any such conditions, shall any such waiver have the effect of precluding the Commission from thereafter declaring such inability to constitute a default under this Agreement. No disbursement of proceeds based upon inadequate or incorrect information shall constitute a waiver of a right to receive a refund thereof. No failure or delay on the part of the Commission in the exercise of any power, right or privilege hereunder or under any of the other Commission Documents shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise thereof or of any other right, power or privilege. Any failure or delay by the Commission in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive the Commission of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. All rights and remedies existing under this Agreement or the other Commission Documents are cumulative to and not exclusive of any rights or remedies otherwise available. The Commission's acceptance of less than the entire amount due for any payment on the Commission Note shall not constitute a waiver by the Commission to thereafter demand the entire amount due.

33. Warranty Against Payment of Consideration for this Agreement. Developer warrants that it has not paid or given, and shall not pay or give, any third party any money or other consideration for obtaining this Agreement.

34. Nonliability of Commission Officials and Employees. No member, official or employee of Commission shall be personally liable to Developer or any successors in interest in the event of any default or breach by the Commission or for any amount which may become due to Developer or its successors or on any obligations under the terms of this Agreement.

35. No Third Party Beneficiaries. This Agreement is made for the sole benefit of Commission and Developer and their respective permitted successors and assigns, and no other person or persons shall have any right of action or right to rely hereon.

36. Delegation to Executive Director. The Executive Director is hereby authorized to take any and all steps necessary to implement the provisions of this Agreement.

The Executive Director is further authorized, on behalf of Commission, to: (a) approve extensions of time hereunder, so long as the cumulative total of such extensions does not exceed three hundred and sixty five (365) days; (b) approve, waive or make comments in connection with Developer's submittals; and (c) waive any of Commission's conditions or requirements to the Close of Escrow. Any such modifications or extensions shall be incorporated into the Schedule of Performance and this Agreement without need for an amendment of this Agreement. No action of the Executive Director pursuant to this Section shall be effective unless it is express and in writing.

37. Entire Agreement. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all negotiations or previous agreements between the parties regarding all or any part of the subject matter hereof.

This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes nineteen (19) pages of text and seven (7) Attachments, each of which is incorporated herein by reference, as follows:

Attachment No. 1	Legal Description of Property
Attachment No. 2	Form of Commission Note
Attachment No. 3	Form of Commission Deed of Trust
Attachment No. 4	Form of Regulatory Agreement
Attachment No. 5	Scope of Development
Attachment No. 6	Schedule of Performance
Attachment No. 7	Form of Certificate of Completion

38. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the day and year first above written.

COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF WEST HOLLYWOOD, a public body, corporate and politic

By: _____
Paul Arevalo, Executive Director

Attest:

_____
Thomas R. West, Commission Secretary

JANET L. WITKIN CENTER, LLC, a California limited liability company

BY: ALTERNATIVE LIVING FOR THE AGING, a California nonprofit public benefit corporation

ITS: member

By _____
David Grunwald, Executive Director

Approved as to form:

Richards, Watson & Gershon, A Professional Corporation, Special Counsel

By: _____
Michael Estrada

ATTACHMENT NO. 1

LEGAL DESCRIPTION

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

LOT 24 OF TRACT NO. 3567, IN THE CITY OF WEST HOLLYWOOD, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 38 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 10 FEET OF SAID LOT CONDEMNED BY THE COUNTY OF LOS ANGELES FOR THE WIDENING OF FAIRFAX AVENUE.

Assessor's Parcel Number: 5529-020-028

ATTACHMENT NO. 2

FORM OF COMMISSION NOTE

$2,482,025
3% Interest

West Hollywood, California
_____, ____

FOR VALUE RECEIVED, JANET L. WITKIN CENTER, LLC, a California limited liability company ("Borrower") hereby promises to pay to the COMMUNITY DEVELOPMENT COMMISSION OF THE COMMISSION OF WEST HOLLYWOOD, a public body, corporate and politic ("Commission"), or order, a principal amount of Two Million Four Hundred Eighty-Two Thousand and Twenty-Five Dollars ($2,482,025.00) or so much thereof as may be advanced by Commission to the Borrower pursuant to the Affordable Housing Loan Agreement dated April ___, 2011, between the Borrower and Commission (the "Agreement"), plus interest as provided below. Except as defined differently herein, all defined terms shall have the meaning set forth in the Agreement. This Commission Note is made pursuant to the terms of the Agreement, a deed of trust (the "Commission Deed of Trust"), and a Regulatory Agreement (the "Regulatory Agreement") of substantially even date herewith given by the Borrower to Commission for the purpose of securing this Commission Note (collectively, the "Commission Documents"). The Commission Documents are public records on file in the offices of Commission, and the provisions of these documents are incorporated herein by this reference.

1. This Commission Note evidences the obligation of the Borrower to Commission for the repayment of funds loaned to the Borrower by Commission, in an amount not to exceed the sum of Two Million Four Hundred Eighty-Two Thousand and Twenty-Five Dollars ($2,482,025; the "Commission Loan"), to finance the redevelopment of the real property described in the Commission Deed of Trust (the "Property"), as more fully described in the Agreement. "Project", for purposes of this Note, means the redevelopment of the Property, and the rental of the residential units on the Property as affordable housing, in accordance with the Commission Documents.

2. The Commission Loan shall accrue interest at the rate of three percent (3%) per annum, simple interest, on the amount disbursed from the date of disbursement.

3. Repayment of Commission Loan

(a) The Commission Loan shall be repaid annually, commencing on the first June 15th at which Net Available Cash Flow is available in accordance with this Section 3, and each June 15th thereafter. The Commission Loan shall be repaid out of the Net Available Cash Flow pursuant to this Section 3; except as set forth in Sections 4 and 5, Borrower shall not be obligated to make any payment of principal or interest on the Commission Loan except to the extent of Net Available Cash Flow. In addition to the provisions of this Section 3, the Commission Loan shall be repaid upon the occurrence of any of the events set forth in Sections 4 and 5.

(b) "Net Available Cash Flow" shall mean the Operating Income, less the sum of (i) Debt Service, (ii) Operating Expenses, (iii) deposits made to the Operating Reserve and the Replacement Reserve, (iv) an asset management fee payable to the general partners of the Borrower in an amount described in any Agreement of Limited Partnership, as amended and/or restated from time to time, of the Borrower (the "Partnership Agreement"), (v) a fee payable to the administrative general partner of the Borrower in an amount described in the Partnership

Agreement, (vi) a limited partner asset management fee payable to one or more of the limited partners of the Borrower in an amount described in the Partnership Agreement; provided however, the aggregate amount of the fees described in the foregoing subparagraphs (iv), (v), and (vi) shall not exceed, in the first year following the date hereof, the sum of $ 25,000.00, increasing by 3% per year, (vii) an annual audit fee, in an amount not to exceed an aggregate amount for each calendar year that is within custom and standard of certified public accountants practicing in the County who prepare annual audits for comparable properties; and (viii) deferred developer fee. If such calculation results in a negative number, Net Available Cash Flow shall be zero for that year.

(c) Additional Definitions.

(i) "Debt Service" shall mean the periodic payments made in connection with the Construction and Permanent Loan made by the Commission approved senior lender ("Senior Lender") in the original principal amount approved by Commission.

(ii) "Operating Expenses" shall mean actual, reasonable and customary costs, fees, and expenses directly incurred and attributable to the operation, maintenance, and management of the Project including, but not limited to, painting, cleaning, repairs and alterations; landscaping; utilities; rubbish removal; certificates, permits and licenses; sewer charges; real and personal property taxes and assessments; insurance; securities; advertising, promotion and publicity; office janitorial, cleaning and building supplies; purchase, repairs, servicing and installation of appliances, equipment, fixtures and furnishings; expenditures for capital improvements, equipment, fixtures and furnishings that are not paid from the Replacement Reserve; fees and expenses of property management and common area expenses; and other actual operating costs and capital costs which are incurred and paid by the Borrower, but which are not paid from reserve accounts; and reasonable fees and expenses of accountants, attorneys, consultants and other professionals. Payments to parties related to Borrower for Operating Expenses must not exceed prevailing market rates. The Operating Expenses shall not include non-cash expenses, including without limitation, depreciation.

(iii) "Operating Income" shall mean the gross rental income from the Property, and any other income Borrower derives from the ownership, operation and management of the Project, and, subject to the provisions of the Subordination Agreement between Commission and the Senior Lender, the proceeds of insurance after a casualty loss and the proceeds of any condemnation proceedings;

(iv) "Operating Reserve" shall mean the operating reserve (if any) established by Borrower.

(v) "Replacement Reserve" shall mean the account described in Section 6 of this Note.

(d) The amount of the Net Available Cash Flow shall be determined on the basis of an annual statement, for the preceding calendar year, beginning with the first year of operation of all or any part of the Project, prepared at Borrower's expense by an independent certified public account firm acceptable to Commission. Borrower shall submit the annual statement and any payment (pursuant to paragraph (e)) to Commission not later than June 15th of each year, commencing on the first June 15th that is at least twelve months after the issuance of a certification of occupancy for all or any of the rental units on the Property. Commission shall review and approve such statement, or request revisions, within thirty (30) days after

receipt. In the event that as the result of Commission review, there is an increase in the amount of Net Available Cash Flow, Borrower shall pay to Commission the full amount of such increase within ten (10) days of notice of the increase.

(e) Annually, the Net Available Cash Flow shall be distributed as follows:

(i) Fifty percent (50%) of the Net Available Cash Flow shall be paid to Commission, to repay the Commission Loan,

(ii) Fifty percent (50%) of the Net Available Cash Flow shall be retained by Borrower.

4. Repayment of Commission Loan Generally.

In addition to the provisions of Section 3, the Commission Loan shall be repaid in the event of any of the following:

(a) Subject to the rights of the Holder of any senior Mortgage and the Limited Partner (as those terms are defined in the Agreement), should the Project be sold or refinanced (to the extent permitted by the Agreement), including syndication, prior to the time that the Commission Loan is repaid in full, the Net Proceeds of such sale or refinancing shall be paid to the Commission and credited against the Commission Loan, first against any outstanding principal and then against the outstanding interest amount, if any. For the purpose of this subsection, "Net Proceeds" is defined as proceeds of the transaction less reasonable costs of the transaction.

(b) The Commission Loan shall be due and payable immediately if the Project, or any portion thereof or interest therein, is sold, transferred, assigned or refinanced without the prior written approval of Commission, or if the Agreement is terminated.

5. Unless due at an earlier time as provided in the Agreement, or by virtue of the acceleration of the balance of this Note in accordance with the provisions of this Note, the principal amount of the Commission Loan and accrued interest thereon shall be due and payable in full without any further demand or notice on the fifty-seventh (57th) anniversary of the date of this Commission Note.

6. Replacement Reserve.

(a) Commencing one year after the issuance of a Certificate of Completion for the Project, or upon eighty percent (80%) occupancy of the rental units, whichever comes first, Borrower shall establish and thereafter maintain, in a depository acceptable to the Executive Director, a reserve fund to be known as the "Replacement Reserve." The Replacement Reserve contributions shall be set at no less than Three Hundred Dollars ($300.00) per unit per year (or such greater amount as may be required by other project lenders or the tax credit investor), and Borrower shall be credited with Replacement Reserve deposits made by it as required by other project lenders, and the funds therein shall be used as the primary resource to fund capital improvements. The Replacement Reserve shall remain in the form of cash, and shall include all income earned thereon.

(b) Disbursements from the Replacement Reserve shall be for the purpose of replacing structural elements or equipment of the Project, or for any other purpose consistent

with maintaining the physical or financial integrity of the Project. Every calendar quarter, Borrower shall submit a report, with supporting documentation, in form satisfactory to the Executive Director, of all expenditures from the Replacement Reserve. If, in the reasonable opinion of the Executive Director, any expenditure was not appropriately made from the Replacement Reserve, Borrower will deposit the amount of the expenditure into the Replacement Reserve fund within ten (10) days of written notice by Commission; provided, however, if an expenditure was approved by another project lender authorized by this Agreement, it shall be deemed to be reasonable.

(c) In the event of a default by Borrower under this Note or any of the Commission Documents, Commission in its sole discretion may apply or authorize the application of the funds in the Replacement Reserve to the amount then due under the Commission Note or use such funds for the continued operation of the Project. The Replacement Reserve shall be maintained during the period when any Commission Loan balance remains outstanding.

7. This Commission Note is payable at the principal office of Commission, at 8300 Santa Monica Boulevard, West Hollywood, California 90069, or at such other place as the holder hereof may inform the Borrower in writing, in lawful money of the United States.

8. The Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waiveable exemptions; and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice. The Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the holder hereof, in the enforcement of this Note or any term or provision hereof.

9. This Commission Note is a nonrecourse obligation of Borrower. Neither Borrower nor its partners nor any other party shall have personal liability for repayment of this Commission Note. The sole recourse of Commission for any obligation of Borrower under the Commission Documents shall be the exercise of Commission's rights against the Property.

10. All defined terms herein, as identified by initial capitalization, shall have the same meaning as in the Agreement, unless otherwise expressly defined herein.

BORROWER

JANET L. WITKIN CENTER, LLC, a California limited liability company

BY: ALTERNATIVE LIVING FOR THE AGING, a California nonprofit public benefit corporation

ITS: member

By: _____
David Grunwald, Executive Director

ATTACHMENT NO. 3

FORM OF COMMISSION DEED OF TRUST

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Community Development Commission of the
City of West Hollywood
8300 Santa Monica Boulevard
West Hollywood, California 90069
Attention: Housing Manager

WITH A COPY TO:

JANET L. WITKIN CENTER, LLC
C/O Alternative Living for the Aging
2029 Century Park East, Suite 4349
Los Angeles, California 90067

FREE RECORDING REQUESTED
(Govt. Code Section 27383)

DEED OF TRUST
With Assignment of Rents, Security Agreement, and Fixture Filing

This DEED OF TRUST ("Commission Deed of Trust") is made this _____, 2011, by and between JANET L. WITKIN CENTER, LLC, a California limited liability company ("Trustor"), LAWYERS TITLE INSURANCE CORPORATION ("Trustee"), and the COMMISSION OF WEST HOLLYWOOD, a California municipal corporation ("Beneficiary").

Trustor grants, transfers, and assigns to Trustee in trust, upon the trusts, covenants, conditions and agreements and for the uses and purposes hereinafter contained, with power of sale, and right of entry and possession, all of Trustor's interest in that real property in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by this reference;

Together with the rents, issues, and profits thereof, subject, however, to the right, power, and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits; and together with all buildings and improvements of every kind and description now or hereafter erected or placed thereon, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, laundry equipment, steam and hot-water boilers, stoves, ranges, elevators and

motors, bath tubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating fixtures, mantels, cabinets, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, and all shades, awnings, screens, blinds and other furnishings, it being hereby agreed that all such fixtures and furnishings shall to the extent permitted by law be deemed to be permanently affixed to and a part of the realty; and

Together with all building materials and equipment now or hereafter delivered to the premises and intended to be installed therein; and

Together with all articles of personal property owned by the Trustor now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands described which are necessary for the comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to the building or buildings in any manner.

To have and to hold the property hereinbefore described together with appurtenances to the Trustee, its or his successors and assigns (the "Property") forever.

FOR THE PURPOSE of securing performance of each agreement and covenant of Trustor herein or contained in that certain Affordable Housing Loan Agreement (the "Agreement") dated April ___, 2011, between Trustor and Beneficiary, and that certain Regulatory Agreement of even date herewith (the "Regulatory Agreement"), and securing payment of indebtedness of the Trustor to the Beneficiary in the principal sum of Two Million Four Hundred Eighty-Two Thousand and Twenty-Five Dollars ($2,482,025), as evidenced by that certain promissory note (the "Commission Note") of even date herewith. The Commission Note, Agreement, and Regulatory Agreement (collectively, the "Commission Documents") are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced.

AND TO PROTECT THE SECURITY OF THIS COMMISSION DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That it faithfully perform each and every covenant contained in the Commission Documents;

2. That it will not permit or suffer the use of any of the Property for any purpose other than the use described in the Commission Documents as they may be amended from time to time.

3. That all rents, profits and income from the Property are hereby assigned to the Beneficiary for the purpose of securing the obligations of Trustor pursuant to the Commission Documents. Permission is hereby given to Trustor so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Commission Documents.

4. That upon default hereunder or under the aforementioned Commission Documents, remaining uncured after 30 days from receipt of written notice thereof from Beneficiary, or, if the nature of the default is such that more than 30 days are reasonably required for its cure, then the Trustor has not commenced a cure within the 30-day period and thereafter diligently prosecuted such cure to completion within 90 days after receipt of written notice thereof, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Property and operate same and collect the rents, profits and income therefrom;

5. That the Trustor will keep the improvements now existing or hereafter erected on the Property insured against loss by fire and such other hazards, casualties, and contingencies as may be required from time to time by the Beneficiary (earthquake insurance not required), and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. In no event shall the amounts of coverage be less than 100 percent of the insurable value or not less than the unpaid balance of the insured Commission Deed of Trust, whichever is less, and in default thereof the Beneficiary shall have the right to effect insurance. Such policies shall be endorsed with standard mortgage clause with loss payable to the Beneficiary and shall be deposited with the Beneficiary;

6. To pay, before delinquency, any taxes and assessments affecting the Property including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof which appear to be prior or superior hereto; all costs, fees, and expenses of this Trust;

7. To keep the Property in good condition and repair, not to remove or demolish any buildings thereon unless authorized by the Commission Documents; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon, whether or not insurance proceeds are available to cover any part of the cost of such restoration and repair; to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law and/or covenants, conditions and/or restrictions affecting the Property; not to permit or suffer any substantial alteration of or addition to the buildings or improvements hereafter constructed in or upon the Property without the consent of the Beneficiary;

8. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

9. Should Trustor fail to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Beneficiary or Trustee being authorized to enter upon the Property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of

Beneficiary or Trustee; may pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, may pay necessary expenses, employ counsel, and pay his reasonable fees;

10. The Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made by the Beneficiary shall be added to the principal sum secured hereby;

11. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Commission Deed of Trust, with interest from date of expenditures at the rate of the Eleventh Federal Reserve District Cost of Funds;

12. The Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the Property any lien or liens except as authorized by Beneficiary and further that it will keep and maintain the property free from the claims of all persons supplying labor or materials which will enter into the rehabilitation or construction of any and all buildings now being rehabilitated or constructed or to be rehabilitated or constructed on the Property, or will cause the release of or will provide a bond against any such liens within ten (10) days of Trustor's receipt of notice of the lien or liens. Nothing herein contained shall be deemed to prohibit the Trustor from contesting the validity or amounts of any tax assessment, encumbrance or lien, nor to limit the remedies available to the Trustor;

13. That the improvements upon the Property (upon the completion of the rehabilitation contemplated by the Agreement), and all plans and specifications, will comply with all municipal ordinances and regulations and all other regulations made or promulgated, now or hereafter, by lawful authority, and that the same will comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office;

IT IS MUTUALLY AGREED THAT:

14. Should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, the Beneficiary shall be entitled subject to the rights of the holder of the first deed of trust to all compensation, awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting the Property, are hereby assigned to the Beneficiary subject to the rights of the holder of the first deed of trust. After deducting therefrom all its expenses, including attorneys' fees, and if Trustor is not in default, Beneficiary shall apply all such proceeds to restoring the Property, or in the event of Trustor's default or in the event Trustor determines not to rebuild, the Beneficiary shall retain the proceeds to the extent of the amount of principal and interest due under the Commission Note. Any balance of such proceeds still remaining shall be disbursed by the Beneficiary to the Trustor.

15. Upon default by Trustor in making any payments provided for herein or in the notes secured hereby, or if the Property, or any portion thereof or interest therein, is sold, transferred, assigned or refinanced without the prior written approval of Commission (except as expressly authorized in the Agreement), or if Trustor shall fail to perform any covenant or agreement in this Commission Deed of Trust or the Commission Documents after receiving 30 days prior written notice of such failure from Beneficiary, and if such default is not cured within 30 days after receipt of written notice thereof from Beneficiary, or, if the nature of the default is such that more than 30 days are reasonably required for its cure, then the Trustor has not commenced a cure within the 30-day period and thereafter diligently prosecuted such cure to completion within 90 days after receipt of written notice thereof, the Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record and the Beneficiary may foreclose this Commission Deed of Trust in the manner provided by law. Beneficiary shall also deposit with Trustee this Commission Deed of Trust, the notes and all documents evidencing expenditures secured hereby;

16. After the lapse of such time as may then be required by law following the recordation of the notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of (1) the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorneys' fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's deed, if the latter is not paid by buyer; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the notes; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto;

17. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Commission Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee;

18. The pleading of any statute of limitations as a defense to any and all obligations secured by this Commission Deed of Trust is hereby waived to the full extent permissible by law;

19. Upon written request of Beneficiary stating that all obligations secured hereby have been performed, and upon surrender of this Commission Deed of Trust to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

20. The trust created hereby is irrevocable by Trustor;

21. This Commission Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder including pledges, of the notes secured hereby. In this Commission Deed of Trust, whenever the context so requires, the masculine gender includes the feminine, and the singular number includes the plural;

22. Trustee accepts this Trust when this Commission Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Commission Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee;

23. The Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to it at the following address: Janet L. Witkin Center, LLC, C/O Alternative Living for the Aging, having its principal office at 2029 Century Park East, Suite 4349, Los Angeles, California 90067, Attn: Executive Director, or to such other address as Trustor may provide in writing to Trustee from time to time.

IN WITNESS WHEREOF the Trustor has executed this Commission Deed of Trust as of the day and year set forth above.

TRUSTOR

JANET L. WITKIN CENTER, LLC, a California limited liability company

BY: ALTERNATIVE LIVING FOR THE AGING, a California nonprofit public benefit corporation

ITS: member

By: _____
David Grunwald, Executive Director

EXHIBIT A

Legal Description

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

LOT 24 OF TRACT NO. 3567, IN THE CITY OF WEST HOLLYWOOD, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 38 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 10 FEET OF SAID LOT CONDEMNED BY THE COUNTY OF LOS ANGELES FOR THE WIDENING OF FAIRFAX AVENUE.

Assessor's Parcel Number: 5529-020-028

ATTACHMENT NO. 4

FORM OF REGULATORY AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Commission of West Hollywood
8300 Santa Monica Boulevard
West Hollywood, CA 90069
Attention: Commission Clerk

WITH A COPY TO:

JANET L. WITKIN CENTER, LLC
C/O Alternative Living for the Aging
2029 Century Park East, Suite 4349
Los Angeles, California 90067
Attention: Executive Director

Exempt from recording fees pursuant to Govt. Code Section 27383

REGULATORY AGREEMENT

This REGULATORY AGREEMENT (the "Regulatory Agreement") is entered into this 1st day of November, 2010, by and between the COMMISSION OF WEST HOLLYWOOD, a California municipal corporation ("Commission"), and JANET L. WITKIN CENTER, LLC, a California limited liability company ("Developer").

WHEREAS, Developer and Commission have entered into that certain Affordable Housing Loan Agreement (the "Agreement") dated April ___, 2011; and

WHEREAS, pursuant to the Agreement, Developer will renovate the vacant 48-unit apartment building currently located on that certain real property (the "Property") located in the County of Los Angeles, California more particularly described in Exhibit A attached hereto and incorporated herein by this reference, in order to provide 17 units of affordable housing to low income senior households (the "Project"); and

WHEREAS, the Property is located within the East Side Project Area of the West Hollywood Community Development Commission; and

WHEREAS, the parties have agreed to execute and record this Regulatory Agreement to set forth certain provisions of the Agreement relating to the use of the Property during the term of the Agreement.

NOW, THEREFORE, COMMISSION AND DEVELOPER COVENANT AND AGREE AS FOLLOWS:

1. Developer covenants and agrees (for itself, its successors, assigns, and every successor in interest to the Property or any part thereof) that during the term of this Regulatory Agreement, Developer, its successors, and assigns shall devote the Property (or any part thereof), to the uses specified therefor in this Regulatory Agreement, and shall not devote the Property to any uses which are inconsistent with this Regulatory Agreement, the Redevelopment Plan for the East Side Project Area (adopted June 2, 1997 by Ordinance No. 97-494, and most recently amended on July 13, 2009 by Ordinance No. 09-815), and applicable Commission land use entitlements.

2. Developer shall assure that seventeen (17) of the units (the "Restricted Units") on the Property are rented exclusively to Low Income Senior Households at an Affordable Rent. The remaining one (1) unrestricted dwelling unit shall be occupied exclusively by the resident manager.

(i) "Affordable Rent" shall have the meaning set forth in California Health and Safety Code Section 50053(b)(4), and the regulations adopted by the California Department of Housing and Community Development ("HCD") pursuant to that section.

(ii) "Area Median Income" means the median family income for Los Angeles County.

(iii) "Low Income Senior Households" shall mean Senior Households with adjusted family incomes not greater than sixty (60) percent of the Area-wide Median Income.

(iv) "Senior Households" means households where all members are fifty-five (55) years of age or older. This definition shall be subject to, and interpreted consistent with, the requirements of federal and state fair housing Laws, including but not limited to California Civil Code Section 51 (the Unruh Civil Rights Act).

3. Developer shall submit an annual report (the "Annual Report") to Commission, which contains the information specified in California Health and Safety Code Section 33418. The Annual Report shall include for each rental unit the rental rate and the income and family size of the occupants. The income information shall be supplied by the tenant in a certified statement on a form provided by Commission. Developer shall submit the Annual Report on or before the first April 1 after issuance of a certificate of occupancy for one or more of the residential units, and each April 1 thereafter.

4. Within 30 days of the date of this Regulatory Agreement, Developer shall submit for the reasonable approval of the Commission's Director of Rent Stabilization and Housing, a Maintenance and Security Plan (the "M&S Plan") for the Project. The M&S Plan shall remain in effect for the term of this Regulatory Agreement, unless modified with the approval of the Director of Rent Stabilization and Housing.

5. In amplification and not in restriction of the provisions set forth herein above, it is intended and agreed that Commission shall be deemed a beneficiary of the covenants and agreements provided herein above both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of Commission, and such covenants shall run in favor of Commission for the entire period during which such covenants shall be in force and effect, without regard to whether Commission is or remains an owner of any land or interest therein to which such covenants relate. Commission shall have the right, in the event of any breach of any such covenant or agreement, after delivery of notice and expiration of the cure period discussed in the Agreement, to exercise all the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of covenant or agreement, including but not limited to exercise of its rights pursuant to that certain deed of trust of even date herewith given by Developer to Commission to secure performance of this Regulatory Agreement and repayment of the loan evidenced by the Commission Note.

6. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Regulatory Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by the Agreement, provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations, and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

7. Only Commission, its successors and assigns, and Developer and the successors and assigns of Developer to all or any part of the fee title to the Property shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or other restrictions contained in this Regulatory Agreement, or to subject the Property to additional covenants, easements or other restrictions. Commission, its successors and assigns, and Developer and the successors and assigns of Developer to all or any part of the fee title to the Property shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or restrictions contained in this Regulatory Agreement or to subject the Property to additional covenants, easements, or other restrictions without the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Property.

8. The covenants established in this Regulatory Agreement shall, without regard to technical classification and designation, be binding on Developer and any successor in interest to the Property or any part thereof for the benefit and in favor of Commission, its successors and assigns, and the Commission. Except as set forth below, the covenants contained in this Regulatory Agreement shall remain in effect for the longest feasible time, but not less than 57 years from the date of recordation of this Regulatory Agreement.

9. The capitalized terms used herein shall have the meanings defined in the Agreement, unless expressly indicated otherwise.

IN WITNESS WHEREOF, Commission and Developer have executed this Regulatory Agreement as of the date first set forth above.

COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF WEST HOLLYWOOD, a public body, corporate and politic

By:_____
Paul Arevalo, Executive Director

Attest:

_____
Thomas R. West, Commission Secretary

Approved as to form:

Richards, Watson & Gershon,
A Professional Corporation

_____
Michael Estrada
Special Counsel

"DEVELOPER"

JANET L. WITKIN CENTER, LLC, a California limited liability company

BY: ALTERNATIVE LIVING FOR THE AGING, a California nonprofit public benefit corporation

ITS: member

By: _____
David Grunwald, Executive Director

ACKNOWLEDGMENT

State of California)
)
County of _____)

On _____, before me, _____
(insert name and title of the officer)

personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the state of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____ (Seal)
Signature of Notary Public

ACKNOWLEDGMENT

State of California)
)
County of _____)

On _____, before me, _____
(insert name and title of the officer)

personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the state of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____ (Seal)
Signature of Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

LOT 24 OF TRACT NO. 3567, IN THE CITY OF WEST HOLLYWOOD, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 38 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 10 FEET OF SAID LOT CONDEMNED BY THE COUNTY OF LOS ANGELES FOR THE WIDENING OF FAIRFAX AVENUE.

Assessor's Parcel Number: 5529-020-028

ATTACHMENT NO. 5

SCOPE OF WORK

Summary

The Project will be developed in a manner substantially consistent with plans approved by the Planning Commission on November 4, 2010.

Location and Context

The Project is located on the west side of Fairfax Avenue between Willoughby Avenue and Romaine Street. Currently, the site is developed with a one-story, 1,440 square foot building which contains the offices for ALA. The area along Fairfax Avenue to the north of the subject site is developed with one and two story buildings and to the south of the subject site with two to five story buildings containing a mix of commercial and residential uses. The portion of Fairfax Avenue on which the Project is proposed is approximately 90 feet wide and has a landscaped median running down the center of the street. This median continues north of Romaine and south of Willoughby, in the city of Los Angeles. To the west of the site is a residential area containing multi-family buildings.

Building Mass and Use

The proposed building is composed of five stories and 53 feet in height with a two-foot parapet. The fifth floor is significantly set back from the front of the building for most of the width of the structure. The building will contain a mix of uses, including the offices for ALA and 17 units of rental housing above for low- and very low-income senior citizens.

Façade Treatments

East. The east façade is broken up into two narrow portions. The south portion of the east façade will be composite wood siding material that wraps around to the south facade,. The north portion of the east façade features balconies above the first floor. There is variance in the translucency of the glazing on the balcony railings. The ground floor of the east façade contains landscaping in a small entry court and the access door to the office area of the mixed use building to ensure visual interest at the pedestrian level for those walking along Fairfax Avenue.

South. The composition of the south façade consists of four distinct portions, each of which incorporates a different material, window pattern, and proportion. The materials include stucco on the portion toward the rear of the property, composite panels on the adjacent piece, and composite wood siding on the portion closest to the front of the building. The composite wood siding wraps around to the east facade of the building.

North. The north façade intersperses pieces of the composite wood siding material as well as faux window openings to break up what would otherwise be a blank stucco wall due to fire regulations.

West. The west façade of the building is comprised of a stucco exterior with two vertical columns of windows. On the north section of this façade, the stairwell spans the full height of the building. The fifth floor of the structure is pulled back from this façade.

Parking

The first floor of the Project will have five spaces. The operator of the building will limit the number of resident-owned cars on the site.

ATTACHMENT NO. 6

SCHEDULE OF PERFORMANCE

Activity	Scheduled Completion
Developer will obtain full entitlements including environmental review	Completed November 4, 2010
Developer will obtain commitments for full project financing.	Within 180 days after execution of this Agreement
Developer will obtain demolition and building permits to enable construction of the improvements.	Within 60 days after obtaining commitments for full project financing
Developer will cause all funds necessary to complete the construction to be committed.	Within 60 days after obtaining commitments for full project financing
Developer will commence construction.	Within 60 days after obtaining demolition and building permits
Developer will complete construction and request Certificate of Completion.	Within 24 months after commencement of construction

ATTACHMENT NO. 7

CERTIFICATE OF COMPLETION

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

WITH A COPY TO:

West Hollywood Community Development Commission
8300 Santa Monica Boulevard
West Hollywood, CA 90069
Attention: Commission Clerk

FREE RECORDING REQUESTED
(Cal. Gov't. Code § 27383)

(Space Above For Recorder's Use)

CERTIFICATE OF COMPLETION

THIS CERTIFICATE OF COMPLETION (this "Certificate") is made this _____ day of _____, 20___, by the COMMISSION OF WEST HOLLYWOOD, a California municipal corporation ("Commission") in favor of JANET L. WITKIN CENTER, LLC, a California limited liability company ("Developer"), with reference to the following matters:

A. Commission, and Developer entered into that certain Affordable Housing Loan Agreement dated as of April ___, 2011 (the "Agreement"), which is incorporated herein by reference. All capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

B. Pursuant to the Agreement, the Developer agreed to complete certain rehabilitation and construction defined therein as the "Work" on that certain real property (the "Property") described on Exhibit A, attached hereto and incorporated herein by reference. The Agreement provides, in Section 17 thereof, that the Commission shall furnish the Developer with a recordable Certificate of Completion upon satisfactory completion of all of the Improvements in accordance with the Agreement.

C. Commission has determined that the Work on the Property has been satisfactorily performed in accordance with the Agreement.

NOW, THEREFORE, Commission certifies as follows:

1. The Work on the Property has been satisfactorily performed and completed in accordance with the Agreement.

2. This Certificate constitutes a conclusive determination of the satisfactory completion of the Work in accordance with the Agreement.

3. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, or deed of trust or any insurer of a mortgage, or deed of trust securing money loaned to finance the Project any part thereof.

4. This Certificate is not a Notice of Completion as referred to in California Civil Code Section 3093.

5. Except as stated herein, nothing contained in this instrument shall modify in any way any provisions of the Agreement or any other provisions of the documents incorporated herein.

IN WITNESS WHEREOF, Commission has executed this Certificate as of the day and year first above written.

"COMMISSION"

COMMISSION OF WEST HOLLYWOOD,
a California municipal corporation

_____
Paul Arevalo, Executive Director

ATTEST:

_____
Thomas R. West, Commission Clerk

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____, before me, _____, a Notary Public in and for said state, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Notary Public in and for said State

(SEAL)

EXHIBIT A

Legal Description

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

LOT 24 OF TRACT NO. 3567, IN THE CITY OF WEST HOLLYWOOD, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 38 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 10 FEET OF SAID LOT CONDEMNED BY THE COUNTY OF LOS ANGELES FOR THE WIDENING OF FAIRFAX AVENUE.

Assessor's Parcel Number: 5529-020-028

LOAN AGREEMENT

FOR

ACQUISITION AND PREDEVELOPMENT EXPENSES

This LOAN AGREEMENT ("Agreement") is made and entered into as of November 15, 2010, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF WEST HOLLYWOOD, a public body, corporate and politic ("Commission"), and WEST HOLLYWOOD COMMUNITY HOUSING CORPORATION, a California nonprofit public benefit corporation ("Developer").

RECITALS

A. Developer has submitted to Commission a proposal (the "Proposal") for the acquisition and redevelopment of property located at 1145-1151 North La Brea Avenue, West Hollywood, California, more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"), to provide approximately 30-40 units of affordable housing to low and moderate income households (the "Project");

B. The Project would replace non-historic commercial structures with a multiple family complex for affordable housing, and does not involve any change in zoning;

C. Developer has requested that Commission lend to Developer the sum of $2,750,000 for acquisition of the Property for the Project, and for various predevelopment expenses;

D. Commission has established the EAST SIDE REDEVELOPMENT AREA TAX INCREMENT HOUSING SET-ASIDE FUND (the "Set-Aside Fund") from which funds must be used exclusively for low and moderate income housing projects;

E. The Commission has found that the use of monies from the Set-Aside Fund for the Project is consistent with the purposes of the Set-Aside Fund; and

F. Commission is willing to lend Developer the sum of $2,750,000 for acquisition of the Property and various predevelopment expenses, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, THE COMMISSION AND DEVELOPER AGREE AS FOLLOWS:

1. The Project. Developer proposes to develop an apartment building on the Property of approximately 30-40 units, and anticipates that the Project will use all but one of the units of housing for low and moderate income households, with the remaining unit to be a manager's unit.

2. Financing the Project.

(a) In addition to the Commission Loan described in Section 3, Developer anticipates applying for approximately $4.0 million of HUD Section 202 funding, $4- 4.9 million

of tax credit equity and $3 million of Los Angeles County HOME funds, financing from other sources, and additional financing from the Commission in an amount to be determined (collectively, the "Additional Financing"), as outlined in the Proposal. Within 24 months from the date of this Agreement, Developer shall submit to Commission evidence that it has obtained sufficient Additional Financing, as described above, such that Commission is reasonably satisfied that Developer has the financial ability to implement the Project. The parties contemplate entering into a new loan agreement memorializing the additional financing from the Commission (if any) and replacing this Agreement, and recording an amended regulatory agreement or a new regulatory agreement to replace the Regulatory Agreement, if Developer is successful in obtaining the Additional Financing.

(b) The Proposal states that the total cost for the Project as outlined therein is approximately $13.75 million. Developer anticipates obtaining the Additional Financing to complete the Project.

(c) The parties acknowledge that the amounts set forth in this Section 2 are estimates only, and may change as the Project is refined.

3. Commission Loan.

(a) Subject to the terms and conditions set forth in this Agreement, the Commission agrees to lend to Developer, and Developer agrees to borrow from Commission, loan funds in an amount not to exceed Two Million Seven Hundred Fifty Thousand Dollars ($2,750,000) (the "Commission Loan"), for purposes of funding, in part, acquisition of the Property as well as various predevelopment expenses. The Commission Loan shall be evidenced by a promissory note ("Commission Note") in the form attached hereto as Exhibit B and incorporated by reference herein, and secured by a deed of trust ("Commission Deed of Trust") in the form attached hereto as Exhibit C and incorporated by reference herein. The Commission Note shall bear simple interest at a rate of three percent per annum. In consideration of the Commission Loan, Developer shall execute and cause to be recorded the Regulatory Agreement between Developer and Commission, in the form attached hereto as Exhibit D and incorporated by reference herein ("Regulatory Agreement"). This Agreement, together with the Commission Note, the Commission Deed of Trust, and the Regulatory Agreement, are collectively referred to herein as the "Commission Documents."

(b) The Commission Loan shall be for a term of 36 months from the date of the Commission Note. If Developer is unable to obtain sufficient Additional Financing to finance the Project within 36 months from the date of the Commission Note, subject to any extensions approved in writing by the Commission, and the parties have not entered into a new agreement by that date providing for the redevelopment of the Property, the Commission Loan shall become due and payable and in the event of nonpayment, Commission shall have the right to foreclose and take title to the Property.

(c) The Commission Loan shall consist of two components or portions as follows:

(i) Acquisition Portion. The Acquisition Portion of the Commission Loan ("Acquisition Portion"), in an amount not to exceed One Million Nine Hundred Seventy-Five Thousand Dollars ($1,975,000), shall be disbursed by Commission in accordance with Section 5 of this Agreement, to enable Developer to purchase the Property.

(ii) Predevelopment Portion. The Predevelopment Portion of the Commission Loan ("Predevelopment Portion"), in an amount not to exceed Seven Hundred Seventy-Five Thousand Dollars ($775,000), shall be disbursed to Developer after the close of escrow on the Property, to pay for various predevelopment expenses, including site analysis, architectural, engineering, legal, and other entitlement costs, maintenance, and security. The Predevelopment Portion shall be disbursed in accordance with Section 6 of this Agreement.

4. Conditions Precedent to Disbursement of Commission Loan.

(a) Commission shall not be obligated to disburse any portion of the Commission Loan to Developer or to take any other action under this Agreement unless all of the following conditions precedent are satisfied:

(i) Developer shall have delivered to the Commission the executed Commission Note, and the executed and acknowledged Commission Deed of Trust and Regulatory Agreement;

(ii) Developer shall have delivered to the Commission a Phase I environmental study of the Property performed by a qualified environmental consultant, indicating that the Property is free of all substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 11001-11050; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq.; and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code, as "infectious waste" in Section 25117.5 of the California Health and Safety Code, or as "hazardous substances" in Section 25316 of the California Health and Safety Code or "hazardous materials" as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to those laws; or the Commission shall have waived this requirement in writing;

(iii) The Title Company (defined in Section 7) provides the Commission with a commitment indicating that it is prepared to issue, concurrently with the disbursement of the Acquisition Portion of the Commission Loan, the Title Policy (defined in Section 7);

(iv) Developer shall have provided the Commission, and Commission's Executive Director shall have approved, certificates of insurance (or copies of the insurance policies) as set forth in Section 19 of this Agreement;

(v) Developer shall not be in default of its obligations to the Commission under this Agreement or under any other loan secured by a deed of trust encumbering the Property;

(vi) No claim of lien, stop notice, or similar notice shall have been asserted against the Commission, the Property, or the Project which has not been released (by payment, bond, or otherwise) or which will not be released concurrent with the closing; and

(vii) All of Developer's representations and warranties made in this Agreement shall be true and correct in all material respects.

5. Disbursement of Acquisition Portion of Commission Loan.

The Acquisition Portion of the Commission Loan shall be deposited into the escrow between Developer and Isgo Lepejian and Anoush Lepejian, Trustees of The Isgo Lepejian and Anoush Lepejian Family Trust dated March 30, 1994 and Jordan Holdings, LLC, a California limited liability company, the current owner of the Property, Escrow No. 09230330-912-CGB (the "Escrow"), with Lawyers Title Company (the "Escrow Holder"), Cheryl Greer, Escrow Officer. The Acquisition Portion of the Commission Loan to Developer shall be used for costs of closing the Escrow, including broker's fees, escrow and recording fees, title charges and premiums for title insurance and matters of a similar nature and payment of the purchase price for acquiring fee simple title to the Property, including reimbursement to Developer of the $30,000 deposited by Developer into the Escrow. Closing costs and the purchase price for the Property shall be paid at closing in accordance with the closing statement submitted by the Escrow Holder and escrow instructions approved by the Commission. The parties shall execute such escrow instructions as shall be necessary and consistent with this Agreement.

6. Disbursement of Predevelopment Portion of Commission Loan.

(a) The Predevelopment Portion of the Commission Loan shall be used for design, engineering, soil tests, reasonable legal fees, maintenance, security, property taxes, tenant relocation, and other reasonable pre-development expenses for the Project. Developer agrees to use the proceeds of the Predevelopment Portion for the foregoing purposes and for no other purposes. Developer shall not be entitled to reimbursement for predevelopment activities and other services in an amount greater than a reasonable sum for the services rendered. No proceeds of the Predevelopment Portion may be paid to Developer, or to employees of Developer, or otherwise used for Developer overhead.

(b) The Commission shall disburse the Predevelopment Portion of the Commission Loan proceeds, from time to time for costs actually incurred, within thirty (30) days following receipt by the Commission of original invoices for the services and costs incurred, evidence of Developer's payment thereof and a clear description of the necessity for the costs. The Commission shall retain the right to confirm that the services were provided as stated and to industry standards, and that the costs were reasonable. Developer shall provide a preliminary budget for predevelopment expenditures and a schedule of milestones within 30 days of the effective date of this Agreement. Developer shall provide regular monthly updates on the budget together with an explanation for any line item whose deviation from the preliminary budget

exceeds 10 percent of that line item. Any part of the Acquisition Portion of the Commission Loan that is not disbursed in escrow pursuant to Section 5 may be retained by Developer so long as documentation in support of such amount is provided to Commission pursuant to this paragraph (b).

7. Title Insurance. Developer represents and warrants that, at the closing of the Commission Loan, Developer shall be the owner of the Property, and the Property shall be encumbered only by the matters approved by the Executive Director of the Commission that are shown on the applicable Preliminary Title Report delivered to the Commission for the Property. Concurrently with the closing of the Commission Loan, Developer shall cause to be delivered to the Commission a 2006 ALTA Loan Policy of Title Insurance, without arbitration provisions, or a commitment for same, together with such endorsements as shall be required by the Commission (the "Title Policy"), from Commonwealth Land Title Company ("Title Company") insuring the priority of the Commission Deed of Trust and the Regulatory Agreement, superior to all liens and encumbrances other than those approved in writing by the Commission. Moreover, prior to delivery of the Commission Loan funds, all real property taxes shall be current and there shall not be any delinquency in payment of real property taxes. Developer shall pay the premium for the Commission's Title Policy.

8. Covenants, Warranties and Representations. Developer makes the following covenants, representations and warranties as of the date of this Agreement and agrees that such representations and warranties shall survive and continue thereafter:

(a) Authority. Developer has complied with all laws and regulations concerning its organization, existence and transaction of business. Developer has the right and power to acquire the Property and develop the Project thereon as contemplated in the Commission Documents;

(b) Enforceability. Developer has full right, power and authority to execute and deliver the Commission Documents and to perform the undertakings of Developer contained in the Commission Documents. The Commission Documents constitute valid and binding obligations of Developer that are legally enforceable in accordance with their terms;

(c) No Breach. None of the undertakings of Developer contained in the Commission Documents materially violate any applicable statute, law, regulation or ordinance or any order or ruling of any court or governmental entity, or materially conflicts with, or constitutes a material breach or default under, any agreement by which Developer or, to Developer's knowledge, the Property is bound or regulated;

(d) Financial Information. All financial information delivered to the Commission, including, without limitation, information relating to Developer, the Property, and the Project, fairly and accurately represents such financial condition as of the date of its preparation and has been prepared in accordance with generally accepted accounting principles consistently applied, unless otherwise noted in such information. No material adverse change in such financial condition has occurred which will materially impair Developer's ability to perform its obligations under the Commission Documents;

(e) Proceedings. Developer is not in violation of any statute, law, regulation or ordinance, or of any order of any court or governmental entity. Developer has no knowledge of any claims, actions or proceedings pending or threatened against Developer or affecting the Property, or improvements thereon other than those disclosed to the Commission in writing;

(f) Accuracy. To the best of Developer's knowledge, all documents, reports, instruments, papers, data, information and forms of evidence delivered to the Commission regarding the Project or the Commission Loan are accurate and correct in all material respects, are complete insofar as completeness may be necessary to give the Commission true and accurate knowledge of the subject matter thereof, and do not contain any misrepresentation or omission of a material fact. The Commission may rely on such reports, documents, instruments, papers, data, information and forms of evidence without any investigation or inquiry; and

(g) Utilities. All utility services including, without limit, gas, water, sewage, electrical and telephone, necessary for the development and the occupancy of the Property, and the improvements thereon are available at or within the boundaries of the Property.

9. Preliminary Notices. Developer agrees that copies of all preliminary notices delivered pursuant to Section 3097 of the California Civil Code (a) to Developer and (b) to the Property, addressed to "Commission of West Hollywood," or "Lender," shall be promptly delivered to the Commission. Developer further agrees that the Commission and the Commission's agents shall have the right at all reasonable times to enter upon the Property and post such notices and other written or printed material thereon as it may deem necessary or desirable for its protection as the lender.

10. Local, State, and Federal Laws. Developer shall perform its activities on the Property in conformity in all material respects with all applicable laws, including without limitation, all applicable federal and state labor standards and prevailing wage requirements and all environmental laws.

11. City and Other Governmental Permits. Developer covenants that it shall secure any and all permits that may be required by the City of West Hollywood or any other governmental agency required for its activities on the Property.

12. Rights of Access. Representatives of the Commission shall, upon at least 48 hours prior notice to the Developer, have the reasonable right of access to the Property without charges or fees, at normal business hours during the term of the Commission Note, for the purposes of this Agreement; the Commission shall not unreasonably interfere with the construction or operation of the Project in conducting such inspections.

13. Prohibition Against Transfer. Developer shall not, except as permitted by this Agreement or with the prior written consent of the Commission (not to be unreasonably withheld), assign or attempt to assign this Agreement or any right herein, nor make any total or partial lease or sublease (except as provided below), sale, transfer, conveyance or assignment of the whole or any part of the Property, the Property or the improvements thereon. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property or to prohibit or restrict the renting for occupancy of residential

units on the Property (subject to the terms of the Regulatory Agreement), nor shall it prohibit granting any security interests permitted in this Agreement for financing the development of the Property or any permanent financing of the Project (including, without limitation, the Additional Financing). Developer may assign this Agreement and transfer the Property to a limited partnership or a limited liability company in which Developer or a limited liability company wholly owned by Developer acts as a general partner or managing member. Notwithstanding the foregoing, Developer may lease apartments within the Property (subject to the Regulatory Agreement) in the ordinary course of business.

14. Documentation and Record Keeping.

(a) Retention. Developer shall retain all records pertinent to expenditures incurred under this Agreement for a period of three years after the termination of all activities funded under this Agreement. Records for non expendable property acquired with funds under this Agreement shall be retained for three years after final disposition of such property.

(b) Audits & Inspections. All Developer records with respect to any matters covered by this Agreement shall be made available to the Commission or its designees upon reasonable advance notice at any time during normal business hours, as often as the Commission reasonably deems necessary, to audit, examine, and make excerpts or transcripts of all relevant data, at Commission's expense. Any deficiencies noted in audit reports must be fully cleared by Developer within 30 days after receipt by Developer provided, however, that if such deficiency is not reasonably capable of being fully cleared within such 30 day period and provided further that Developer shall commence such actions as shall be necessary or appropriate to clear such deficiency and diligently pursues such actions thereafter, Developer shall have up to 90 days to fully clear any such deficiency. Failure of Developer to comply with the above audit requirements will constitute a violation of this Agreement. Developer hereby agrees to have an annual agency audit conducted in accordance with current Commission policy concerning audits of recipients of Commission funds.

15. Reporting. Developer shall provide Commission's Housing Manager with quarterly progress reports on the predevelopment activities relating to the Project. Developer shall also keep the Commission apprised of all ongoing negotiations to obtain additional financing for the Project. Developer shall obtain Commission's approval of the terms, conditions, and amounts of any such additional financing prior to Developer's entering into any commitments therefore, which approval shall not be unreasonably withheld.

16. Litigation. If the Commission shall become a party to any legal proceedings instituted in connection or arising out of the acquisition or improvement of the Property, then Developer shall indemnify, protect, defend and hold harmless the Commission from and against all reasonable costs, losses, expenses or liabilities thereunder, including, without limitation, all sums paid or incurred by the Commission as costs and expenses in the legal proceedings, including but not limited to reasonable attorneys' fees and costs incurred by the Commission, to the extent such liability does not result from the acts or omissions of the Commission.

17. Mechanics' Liens. In the event of the filing of a lien notice or the recording of a mechanic's lien pursuant to applicable law of the State of California relating to works of

improvement upon real property, and in the event Developer fails to furnish the Commission a bond causing such notice or lien to be released, within 20 days of notice from Commission to do so, such failure shall at the option of Commission constitute a default under the terms of this Agreement (provided that if Developer shall commence such actions as shall be necessary or appropriate to cause the release of such lien and shall diligently pursue such cure thereafter, Developer shall have up to 90 days to cause the release of such lien).

18. Default. Developer shall be in default hereunder if (i) Developer fails to pay any monetary obligation when due and 10 days written notice of such delinquency has expired without Developer's cure thereof, or (ii) Developer fails to perform any non-monetary obligation when performance is due and a period of 30 days after written notice of such delinquency has expired without Developer's cure thereof provided, however, that if such default is not reasonably capable of being fully cured within such 30 day period and provided further that Developer shall commence such actions as shall be necessary or appropriate to cure such default and shall diligently pursue such cure thereafter, Developer shall have up to 90 days to cure any such default unless some shorter period shall be demanded by a lender having a lien on the Property senior and superior to that held by Commission. If Developer shall default in the performance of any or all of the terms, covenants and conditions contained in this Agreement, or any other obligation of Developer to the Commission under the Commission Documents, subject to all applicable notice requirement and cure periods, all sums disbursed or advanced by the Commission shall, at the option of Commission, immediately become due and payable, and the Commission shall be released from any and all obligations to Developer under the terms of this Agreement. In that event, all plans, drawing and reports paid for by proceeds of the Predevelopment Portion of the Commission Loan shall become the property of the Commission. The Commission shall have no liability whatsoever for any acts or omissions of Developer or its architects, contractors, or agents, or any one of them, or any other person furnishing services, labor and/or material to Developer in connection with the Property or the Project.

19. Insurance and Indemnity.

(a) Insurance.

(i) Developer shall procure at its sole cost and expense, and shall keep in effect from the date of this Agreement and at all times until the end of the term, commercial general liability insurance applying to the use, entry onto, occupancy of, and activities on the Property. Such general liability coverage shall have a minimum limit of One Million Dollars ($1,000,000) per occurrence with aggregate liability of at least Two Million Dollars ($2,000,000). The general liability insurance shall include Contractual Liability coverage, as provided by the ISO commercial general liability form CG0001 and shall be written to apply to all bodily injury, property damage, personal injury and other covered loss, however occasioned, occurring during the policy term.

(ii) Developer shall also maintain automobile liability insurance for owned, non-owned or hired automobiles, if any in the amount of One Million Dollars ($1,000,000) combined single limit per accident.

(iii) All liability insurance shall include or be endorsed to include provisions adding the Commission and its board members, officers, employees and agents as additional insureds, and to provide that such coverage shall be primary and that any insurance maintained by the Commission shall be excess insurance only. Such coverage shall be endorsed to waive the insurer's rights of subrogation against the Commission or shall allow (not prohibit) waiver of recovery rights by Developer. Developer hereby waives its rights of recovery against the Commission and its board members, officers, employees and agents. The commercial general liability insurance and automobile liability shall be in force prior to release of any Commission Loan proceeds. Coverage shall state that the insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(iv) Developer shall also maintain Workers' Compensation insurance in accordance with California law, and an employer's liability insurance endorsement with limits of One Million Dollars ($1,000,000).

(v) Developer shall obtain (or cause to be obtained) and keep in force until the Commission Note is paid in full a policy of fire and extended coverage insurance, covering loss or damage to the Project, including all improvements thereon, in the amount of the full replacement value thereof, except for the pre-development period which shall be insured on an "actual cash value" basis, but in all other events not less than the replacement value of all improvements at the Property, against all perils included within the classification of fire, extended coverage, builder's risk, vandalism, malicious mischief, and shall, during construction, include a Builders Risk endorsement covering both new work and existing structures. The Commission shall be named as a loss payee on such policy. If any such insurance coverage has a deductible clause, the deductible amount shall not exceed $10,000 per occurrence, and Developer shall be liable for such deductible amount.

(vi) All insurance described in this Section shall be endorsed to provide the Commission with 30 days' (10 days' in the event of a failure to pay premiums) advance notice of cancellation, expiration or non-renewal.

(vii) If Developer fails or refuses to maintain insurance as required hereunder, or fails to provide the proof of insurance, and such failure continues for a period of 10 days after Developer receives written notice thereof, the Commission shall have the right to declare Developer in default.

(viii) The procuring of such required policies of insurance shall not be construed to limit Developer's liability hereunder, nor to fulfill the indemnification provisions and requirements of this Agreement.

(b) Insurance Policies. If Developer shall fail to obtain any insurance required hereunder and such failure continues for a period of 10 days after Developer receives written notice thereof, the Commission may, at its election, after written notice to Developer, obtain such insurance and Developer shall reimburse the Commission for the cost thereof plus a five percent handling charge, within five business days following demand therefor. Insurance required hereunder shall be issued by companies reasonably satisfactory to the Commission. Acceptable

insurance coverage shall be placed with carriers admitted to write insurance in California, or carriers with a rating of, or equivalent to, A:VIII by A.M. Best & Co. Any deviation from this rule shall require specific approval in writing from the Commission. Developer shall deliver to the Commission copies of policies of such insurance or certificates evidencing the existence and amounts of such insurance with loss payable clauses as required by this Section. No such policy shall be cancelable except after 30 days (10 days' in the event of a failure to pay premiums) prior written notice to the Commission. Developer shall, at least 10 days prior to the expiration of such policies, furnish the Commission with renewals or "binders" thereof. Developer shall not do or permit to be done anything that shall invalidate the insurance policies referred to in this Section. All policies of insurance shall name the Commission, and its officials, employees, and volunteers, and, at the Commission's option, any additional parties designated by the Commission, as additional insureds. All insurance required to be provided hereunder is in addition to, and not in lieu of, the indemnity provisions set forth below.

20. Indemnity. Developer shall indemnify, defend, protect, and hold harmless the Commission, and its officers, agents, employees, and volunteers (collectively, the "Indemnitees") from and against any and all claims, losses, proceedings, damages, causes of action, liabilities, costs and expenses, (including reasonable attorneys' fees) arising from or in connection with, or caused by (i) any act, omission or negligence of Developer or any of Developer's respective contractors, licensees, invitees, agents, servants or employees, wheresoever the same may occur; (ii) any use of the Property, or any accident, injury, death or damage to any person or property occurring in, on or about the Property or any part thereof, or from the construction or use by Developer of the Property or the Project, or from any activity, work or thing done, permitted or suffered by Developer or its contractors, employees, servants, or invitees, in or about the Property or elsewhere to the extent not caused by the acts or omissions of any of the Indemnitees; and (iii) any breach or default in the performance of any obligations on Developer's part to be performed under the terms of this Agreement, or arising from any negligence of Developer, or any such claim or any action or proceeding brought thereon; and in case any action or proceeding is brought against the Commission by reason of any such claim, Developer upon notice from the Commission shall defend the same at Developer's expense with counsel reasonably satisfactory to the Commission. Developer, as a material part of the consideration to the Commission, hereby assumes all risk of damage to property or injury to persons in, upon or about the Property arising from any cause whatsoever, except to the extent caused by the gross negligence or willful misconduct of an Indemnitee. These provisions are in addition to, and not in lieu of, the insurance required to be provided by Section 19. Notwithstanding anything to the contrary contained in this Agreement, however, Developer shall not be responsible for and shall not be obligated to indemnify or hold any Indemnitees harmless from any of the foregoing set forth in this Section 20 arising solely from the act or omission of any person or entity other than Developer occurring after the sale of the Property to a third party, including through a foreclosure of the Commission Deed of Trust, and Developer's surrender of possession thereof.

21. Nondiscrimination.

(a) Developer will not discriminate against any employee or applicant for employment because of race, color, sexual orientation and/or gender identity, creed, religion, ancestry, political affiliation or opinion, national origin, sex, physical condition, medical

condition, pregnancy or pregnancy-related condition, or condition of physical or mental disability or other handicap, age, marital status, or status with regard to public assistance. Developer will take affirmative action to insure that all of Developer's employment practices are free from such discrimination. Such employment practices include but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Commission setting forth the provisions of this nondiscrimination clause.

(b) Developer agrees that there shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, sexual orientation and/or gender identity, creed, religion, ancestry, political affiliation or opinion, national origin, sex, physical condition, medical condition, pregnancy or pregnancy-related condition, or condition of physical or mental disability or other handicap, age, marital status, or status with regard to public assistance in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Developer itself or any person claiming under or through Developer, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property.

22. Independent Contractor. Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing a partnership, joint venture or relationship of employer/employee or principal/agent between the parties. Developer shall at all times remain an independent contractor with respect to the services to be performed under this agreement. The Commission shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance as Developer is an independent contractor.

23. Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by personal delivery or by overnight courier. Notices shall be considered given upon the earlier of (a) personal delivery; (b) two business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested; or (c) one business day following deposit with an overnight courier. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Commission:	Community Development Commission of the City of West Hollywood 8300 Santa Monica Boulevard West Hollywood, California 90069 Attention: Housing Manager
Developer:	West Hollywood Community Housing Corporation 7530 Santa Monica Boulevard, Suite 1

West Hollywood, California 90046
Attention: Executive Director

24. General. Time is of the essence of this Agreement and of each and every provision hereof. This Agreement, the Commission Note, Commission Deed of Trust and the Regulatory Agreement contain all of the terms and conditions agreed to by Developer and the Commission, and no other agreement regarding the subject matter of this Agreement, unless it is in writing and signed by the Commission and Developer, shall be deemed to exist or to bind any party hereto. All covenants and agreements contained herein shall run with the land and shall be to the benefit of the Commission, and shall be liberally interpreted to give full force and effect in view of the public purposes of the Commission Loan.

26. Grantor Recognition. Developer shall recognize the role of the Commission in providing services through this Agreement. All activities, facilities and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, Developer will include a reference to the financial support provided herein in all publications made possible with funds made available under this Agreement.

27. Amendments. The Commission and Developer may amend this Agreement at any time provided that such amendments make a specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of both organizations, and approved by the Commission Council. Such amendments shall not invalidate this Agreement, or relieve or release Commission or Developer from its obligations under this Agreement.

28. No Waiver; Remedies Cumulative. No disbursement of proceeds of the Commission Loan shall constitute a waiver of any conditions to further disbursements nor, in the event Developer is unable to satisfy any such conditions, shall any such waiver have the effect of precluding the Commission from thereafter declaring such inability to constitute a default under this Agreement. No disbursement of proceeds based upon inadequate or incorrect information shall constitute a waiver of a right to receive a refund thereof. No failure or delay on the part of the Commission in the exercise of any power, right or privilege hereunder or under any of the other Commission Documents shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise thereof or of any other right, power or privilege. Any failure or delay by the Commission in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive the Commission of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. All rights and remedies existing under this Agreement or the other Commission Documents are cumulative to and not exclusive of any rights or remedies otherwise available. The Commission's acceptance of less than the entire amount due for any payment on the Commission Note shall not constitute a waiver by the Commission to thereafter demand the entire amount due.

29. Warranty Against Payment of Consideration for this Agreement. Developer warrants that it has not paid or given, and shall not pay or give, any third party any money or other consideration for obtaining this Agreement.

30. Nonliability of Officials and Employees. No member, official or employee of Commission shall be personally liable to Developer or any successors in interest in the event of any default or breach by the Commission or for any amount which may become due to Developer or its successors or on any obligations under the terms of this Agreement. No board member or employee of Developer shall be personally liable to Commission or any successors in interest in the event of any default or breach by Developer of any of its obligations under the terms of this Agreement

31. No Third Party Beneficiaries. This Agreement is made for the sole benefit of Commission and Developer and their respective permitted successors and assigns, and no other person or persons shall have any right of action or right to rely hereon.

32. HUD Required Provisions. In the event the Developer obtains financing under the HUD Section 202 program, the Commission and Developer agree to enter into any secondary financing riders required by HUD and agree to incorporate any such secondary financing riders as part of this Agreement or any successor loan agreement between the Commission and Developer, as well as in all documents evidencing the Commission Loan. The Commission acknowledges that, among other things, the rider will provide that all provisions of this Agreement shall be subordinate to all documents evidencing the Section 202 capital advance, as well as all HUD regulations, directives and administrative requirements governing the HUD Section 202 program.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the day and year first above written.

COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF WEST HOLLYWOOD, a public body, corporate and politic

By: _____
Paul Arevalo, Executive Director

WEST HOLLYWOOD COMMUNITY HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____
Robin W. Conerly, Executive Director

Attest:

By: _____
Thomas R. West,Commission Secretary

Approved as to form:

Richards, Watson & Gershon, A Professional Corporation, Special Counsel

By: _____
Michael Estrada

EXHIBIT A

LEGAL DESCRIPTION

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Parcel 1:

Lot 11 of West Hollywood Boulevard Tract, in the City of West Hollywood, County of Los Angeles, State of California, as per map recorded in Book 9 Page 45 of Maps, in the Office of the County Recorder of said County.

Parcel 2:

Lot 10 of West Hollywood Boulevard Tract, in the City of West Hollywood, County of Los Angeles, State of California, as per map recorded in Book 9 Page 45 of Maps, in the Office of the County Recorder of said County.

Assessor's Parcel Number 5531-010-009, 010

EXHIBIT B

FORM OF COMMISSION NOTE

$2,750,000.00
3% Interest

West Hollywood, California
November ___, 2010

FOR VALUE RECEIVED, West Hollywood Community Housing Corporation, a California nonprofit public benefit corporation ("Borrower") hereby promises to pay to the Community Development Commission of the City of West Hollywood, a body corporate and public ("Commission"), or order, a principal amount of Two Million Seven Hundred Fifty Thousand Dollars ($2,750,000.00) or so much thereof as may be advanced by Commission to the Borrower pursuant to the Loan Agreement dated November 15, 2010, between the Borrower and Commission (the "Agreement"), plus interest as provided below. Except as defined differently herein, all defined terms shall have the meaning set forth in the Agreement. This Commission Note is made pursuant to the terms of the Agreement, a deed of trust (the "Commission Deed of Trust"), and a Regulatory Agreement (the "Regulatory Agreement") of even date herewith given by the Borrower to Commission for the purpose of securing this Commission Note (collectively, the "Commission Documents"). The Commission Documents are public records on file in the offices of Commission, and the provisions of these documents are incorporated herein by this reference.

1. This Commission Note evidences the obligation of the Borrower to Commission for the repayment of funds loaned to the Borrower by Commission, in an amount not to exceed the sum of Two Million Seven Hundred Fifty Thousand Dollars ($2,750,000.00, the "Commission Loan"), to finance the acquisition of the real property described in the Commission Deed of Trust (the "Property") and to finance certain predevelopment costs more fully described in the Agreement.

2. The Commission Loan shall be for a term of 36 months (the "Loan Term") from the date of this Commission Note (the "Loan Effective Date").

3. The Commission Loan shall accrue interest at the rate of three percent (3%) per annum, simple interest, on the amount disbursed from the date of disbursement.

4. The Commission Loan, principal and interest, shall be due and payable in full 36 months from the date of this Commission Note, subject to any extensions approved by the Commission.

5. This Commission Note is payable at the principal office of Commission, at 8300 Santa Monica Boulevard, West Hollywood, California 90069, or at such other place as the holder hereof may inform the Borrower in writing, in lawful money of the United States. Borrower may prepay this Commission Note, in whole or in part, at any time prior to the expiration of the Loan Term, without premium or penalty of any kind.

6. The Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waiveable exemptions; and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Note, in

whole or in part, whether before or after maturity and with or without notice. The Borrower hereby agrees to pay all reasonable costs and expenses, including reasonable attorney's fees, which may be incurred by the holder hereof, in the enforcement of this Note or any term or provision hereof.

7. This Commission Note is a nonrecourse obligation of Borrower. Neither Borrower nor any other party shall have personal liability for repayment of this Commission Note. The sole recourse of Commission for any obligation of Borrower under the Commission Documents shall be the exercise of Commission's rights against the Property.

8. All defined terms herein, as identified by initial capitalization, shall have the same meaning as in the Agreement, unless otherwise expressly defined herein.

9. In the event Borrower obtains financing under the HUD Section 202 program, Commission and Borrower agree to enter into any secondary financing riders required by HUD and agree to incorporate any such secondary financing riders as part of this Commission Note or any successor promissory note executed by Borrower. Commission acknowledges that, among other things, the rider will provide that all provisions of this Commission Note shall be subordinate to all documents evidencing the Section 202 capital advance, as well as all HUD regulations, directives and administrative requirements governing the HUD Section 202 program.

BORROWER

WEST HOLLYWOOD COMMUNITY HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____
Robin W. Conerly, Executive Director

EXHIBIT C

FORM OF COMMISSION DEED OF TRUST

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Community Development Commission of the City of West Hollywood
8300 Santa Monica Boulevard
West Hollywood, California 90069
Attention: Executive Director

WITH A COPY TO:

West Hollywood Community Housing Corporation
7530 Santa Monica Boulevard, Suite 1
West Hollywood, California 90046
Attention: Executive Director

FREE RECORDING REQUESTED
(Govt. Code Section 27383)

DEED OF TRUST

With Assignment of Rents, Security Agreement, and Fixture Filing

This DEED OF TRUST ("Commission Deed of Trust") is made this November ___, 2010, by and between WEST HOLLYWOOD COMMUNITY HOUSING CORPORATION, a California nonprofit public benefit corporation ("Trustor"), _____, a _____ ("Trustee"), and the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF WEST HOLLYWOOD, a public body, corporate and politic ("Beneficiary").

Trustor grants, transfers, and assigns to Trustee in trust, upon the trusts, covenants, conditions and agreements and for the uses and purposes hereinafter contained, with power of sale, and right of entry and possession, all of Trustor's interest in that real property in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by this reference;

Together with the rents, issues, and profits thereof, subject, however, to the right, power, and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits; and together with all buildings and improvements of every kind and description now or hereafter erected or placed thereon, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, laundry equipment, steam and hot-water boilers, stoves, ranges, elevators and motors, bath tubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating fixtures, mantels, cabinets, refrigerating plant and refrigerators, whether mechanical or

otherwise, cooking apparatus and appurtenances, and all shades, awnings, screens, blinds and other furnishings, it being hereby agreed that all such fixtures and furnishings shall to the extent permitted by law be deemed to be permanently affixed to and a part of the realty; and

Together with all building materials and equipment now or hereafter delivered to the premises and intended to be installed therein; and

Together with all articles of personal property owned by the Trustor now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands described which are necessary for the comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to the building or buildings in any manner.

To have and to hold the property hereinbefore described together with appurtenances to the Trustee, its or his successors and assigns (the "Property") forever.

FOR THE PURPOSE of securing performance of each agreement and covenant of Trustor herein or contained in that certain Loan Agreement (the "Agreement") dated November 15, 2010, between Trustor and Beneficiary, and that certain Regulatory Agreement of even date herewith (the "Regulatory Agreement"), and securing payment of indebtedness of the Trustor to the Beneficiary in the principal sum of Two Million Seven Hundred Fifty Thousand Dollars ($2,750,000), as evidenced by that certain promissory note (the "Commission Note") of even date herewith. The Commission Note, Agreement, and Regulatory Agreement (collectively, the "Commission Documents") are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced.

AND TO PROTECT THE SECURITY OF THIS COMMISSION DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That it faithfully perform each and every covenant contained in the Commission Documents;

2. That it will not permit or suffer the use of any of the Property for any purpose other than the use described in the Commission Documents as they may be amended from time to time.

3. That all rents, profits and income from the Property are hereby assigned to the Beneficiary for the purpose of securing the obligations of Trustor pursuant to the Commission Documents. Permission is hereby given to Trustor so long as no default exists hereunder which continues beyond any applicable notice and cure periods, to collect such rents, profits and income for use in accordance with the provisions of the Commission Documents.

4. That upon default hereunder or under the aforementioned Commission Documents, remaining uncured after 30 days from receipt of written notice thereof from Beneficiary, or, if the nature of the default is such that more than 30 days are reasonably required for its cure, then

the Trustor has not commenced a cure within the 30-day period and thereafter diligently prosecuted such cure to completion within 90 days after receipt of written notice thereof, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Property and operate same and collect the rents, profits and income therefrom;

5. That the Trustor will keep the improvements now existing or hereafter erected on the Property insured against loss by fire and such other hazards, casualties, and contingencies as may be required from time to time by the Beneficiary (earthquake insurance not required), and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. In no event shall the amounts of coverage be less than 100 percent of the insurable value or less than the unpaid balance of the insured Commission Deed of Trust, whichever is less, and in default thereof the Beneficiary shall have the right to effect insurance (subject to the notice and cure periods set forth in the Agreement). Such policies shall be endorsed with standard mortgage clause with loss payable to the Beneficiary and a copy thereof or a certificate evidencing the same shall be deposited with the Beneficiary;

6. To pay, before delinquency, any taxes and assessments affecting the Property including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof which appear to be prior or superior hereto; all reasonable costs, fees, and expenses of this Trust;

7. To keep the Property in good condition and repair, not to remove or demolish any buildings thereon unless authorized by the Commission Documents; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon, whether or not insurance proceeds are available to cover any part of the cost of such restoration and repair; to pay when due all claims for labor performed and materials furnished therefor; to comply in all material respects with all laws affecting the Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law and/or covenants, conditions and/or restrictions affecting the Property; not to permit or suffer any substantial alteration of or addition to the buildings or improvements hereafter constructed in or upon the Property without the consent of the Beneficiary, which consent shall not be unreasonably withheld;

8. Except in the case of Beneficiary's or Trustee's gross negligence or willful misconduct, to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

9. Should Trustor fail to do any act as herein provided and such failure shall continue beyond the applicable notice and cure period set forth in Section 18 of the Agreement, then Beneficiary or Trustee, but without obligation so to do and without further notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Beneficiary or Trustee being authorized to enter upon the Property for such purposes, may

commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; may pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, may pay necessary expenses, employ counsel, and pay his reasonable fees;

10. The Beneficiary shall have the right to pay fire and other property insurance premiums should Trustor fail to make any required premium payments (subject to the notice and cure periods set forth in the Agreement). All such payments made by the Beneficiary shall be added to the principal sum secured hereby;

11. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Commission Deed of Trust, with interest from date of expenditures at the rate of the Eleventh Federal Reserve District Cost of Funds;

12. The Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the Property any lien or liens except as authorized by Beneficiary and further that it will keep and maintain the property free from the claims of all persons supplying labor or materials which will enter into the rehabilitation or construction of any and all buildings now being rehabilitated or constructed or to be rehabilitated or constructed on the Property, or will cause the release of or will provide a bond against any such liens within twenty (20) days of Trustor's receipt of notice of the lien or liens. Nothing herein contained shall be deemed to prohibit the Trustor from contesting the validity or amounts of any tax assessment, encumbrance or lien, nor to limit the remedies available to the Trustor;

13. That the improvements upon the Property, and all plans and specifications, comply with all municipal ordinances and regulations and all other regulations made or promulgated, now or hereafter, by lawful authority, and that the same will comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office;

IT IS MUTUALLY AGREED THAT:

14. Should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, the Beneficiary shall be entitled subject to the rights of the holder of the first deed of trust to all compensation, awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting the Property, are hereby assigned to the Beneficiary subject to the rights of the holder of the first deed of trust. After deducting therefrom all its reasonable expenses, including reasonable attorneys' fees, and if Trustor is not in default beyond any applicable notice and cure periods, Beneficiary shall apply all such proceeds to restoring the Property, or in the event of Trustor's default or in the event Trustor determines not to rebuild, the Beneficiary shall retain the proceeds to the extent of the amount of principal and interest due

under the Commission Note. Any balance of such proceeds still remaining shall be disbursed by the Beneficiary to the Trustor.

15. Upon default by Trustor, beyond any applicable notice and cure periods, in making any payments provided for herein or in the notes secured hereby, or if the Property, or any portion thereof or interest therein, is sold, transferred, assigned or refinanced without the prior written approval of Commission (except as expressly authorized in the Agreement), or if Trustor shall fail to perform any covenant or agreement in this Commission Deed of Trust or the Commission Documents after receiving 30 days prior written notice of such failure from Beneficiary, and if such default is not cured within 30 days after receipt of written notice thereof from Beneficiary, or, if the nature of the default is such that more than 30 days are reasonably required for its cure, then the Trustor has not commenced a cure within the 30-day period and thereafter diligently prosecuted such cure to completion within 90 days after receipt of written notice thereof, the Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record and the Beneficiary may foreclose this Commission Deed of Trust in the manner provided by law. Beneficiary shall also deposit with Trustee this Commission Deed of Trust, the Commission Note and all documents evidencing expenditures secured hereby;

16. After the lapse of such time as may then be required by law following the recordation of the notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of (1) the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorneys' fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's deed, if the latter is not paid by buyer; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Commission Note; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto;

17. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Commission Deed of Trust and its place of record, which, when duly recorded in the proper

office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee;

18. The pleading of any statute of limitations as a defense to any and all obligations secured by this Commission Deed of Trust is hereby waived to the full extent permissible by law;

19. Upon written request of Beneficiary stating that all obligations secured hereby have been performed, and upon surrender of this Commission Deed of Trust to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

20. The trust created hereby is irrevocable by Trustor;

21. This Commission Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder including pledges, of the notes secured hereby. In this Commission Deed of Trust, whenever the context so requires, the masculine gender includes the feminine, and the singular number includes the plural;

22. Trustee accepts this Trust when this Commission Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Commission Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee;

23. The Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to it at the following address: West Hollywood Community Housing Corporation, a California nonprofit public benefit corporation, having its principal office at 7530 Santa Monica Boulevard, Suite 1, West Hollywood, California, 90046, Attn: Executive Director, or to such other address as Trustor may provide in writing to Trustee from time to time.

23. In the event Trustor obtains financing under the HUD Section 202 program, Beneficiary and Trustor agree to enter into any secondary financing riders required by HUD and agree to incorporate any such secondary financing riders as part of this Commission Deed of Trust or any successor deed of trust. Beneficiary acknowledges that, among other things, the rider will provide that all provisions of this Commission Deed of Trust shall be subordinate to all documents evidencing the Section 202 capital advance, as well as all HUD regulations, directives and administrative requirements governing the HUD Section 202 program.

IN WITNESS WHEREOF the Trustor has executed this Commission Deed of Trust as of the day and year set forth above.

TRUSTOR

WEST HOLLYWOOD COMMUNITY HOUSING CORPORATION, a California nonprofit public benefit corporation

By: _____
Robin W. Conerly, Executive Director

EXHIBIT A

Legal Description

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Parcel 1:

Lot 11 of West Hollywood Boulevard Tract, in the City of West Hollywood, County of Los Angeles, State of California, as per map recorded in Book 9 Page 45 of Maps, in the Office of the County Recorder of said County.

Parcel 2:

Lot 10 of West Hollywood Boulevard Tract, in the City of West Hollywood, County of Los Angeles, State of California, as per map recorded in Book 9 Page 45 of Maps, in the Office of the County Recorder of said County.

Assessor's Parcel Number 5531-010-009, 01

EXHIBIT D

FORM OF REGULATORY AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Community Development Commission of the City of West Hollywood
8300 Santa Monica Boulevard
West Hollywood, California 90069
Attention: Executive Director

WITH A COPY TO:

West Hollywood Community Housing Corporation
7530 Santa Monica Boulevard, Suite 1
West Hollywood, California 90046
Attention: Executive Director

Exempt from recording fees pursuant to Govt. Code Section 27383

REGULATORY AGREEMENT

This REGULATORY AGREEMENT (the "Regulatory Agreement") is entered into this ____ day of November, 2010, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF WEST HOLLYWOOD, a public body, corporate and politic ("Commission"), and WEST HOLLYWOOD COMMUNITY HOUSING CORPORATION, a California nonprofit public benefit corporation ("Developer").

WHEREAS, Developer and Commission have entered into that certain Loan Agreement (the "Agreement") dated November 15, 2010; and

WHEREAS, pursuant to the Agreement, Developer will acquire that certain real property (the "Property") located in the County of Los Angeles, California more particularly described in Exhibit A attached hereto and incorporated herein by this reference; and

WHEREAS, pursuant to the Agreement, Developer will complete certain predevelopment work preparatory to the proposed development of an approximately 30-40 unit apartment building on the Property, in order to provide all but one unit of affordable housing to low and moderate income households, (the "Project"); and

WHEREAS, the parties contemplate that during the term of the Agreement the buildings on the Property will remain vacant; and

WHEREAS, the parties have agreed to execute and record this Regulatory Agreement to set forth certain provisions of the Agreement relating to the use of the Property during the term of the Agreement.

NOW, THEREFORE, COMMISSION AND DEVELOPER COVENANT AND AGREE AS FOLLOWS:

1. Developer covenants and agrees (for itself, its successors, assigns, and every successor in interest to the Property or any part thereof) that during the term of this Regulatory Agreement, Developer, its successors, and assigns shall devote the Property (or any part thereof), to the uses specified therefor in this Regulatory Agreement, and shall not devote the Property to any uses which are inconsistent with this Regulatory Agreement and applicable Commission land use entitlements.

2. In the event that Developer rents any of the units on the Property during the term of this Regulatory Agreement, Developer shall assure that the units on the Property are rented exclusively to "persons and families of low or moderate income" at an "affordable rent," as those terms are defined in California Health and Safety Code Sections 50053 and 50093, and the regulations adopted by the California Department of Housing and Community Development. The commercial space on the property shall not be rented or leased.

3. Developer shall submit an annual report (the "Annual Report") to Commission, which contains the information specified in California Health and Safety Code Section 33418. The Annual Report shall include for each rental unit the rental rate and the income and family size of the occupants. The income information shall be supplied by the tenant in a certified statement on a form provided by Commission. Developer shall submit the Annual Report on or before the first April 1 after issuance of a certificate of occupancy for one or more of the residential units, and each April 1 thereafter.

4. Within 30 days of the date of this Regulatory Agreement, Developer shall submit for the reasonable approval of the City of West Hollywood's Director of Rent Stabilization and Housing a Maintenance and Security Plan (the "M&S Plan") for the Project. The M&S Plan shall remain in effect for the term of this Regulatory Agreement, unless modified with the approval of the Director of Rent Stabilization and Housing.

5. In amplification and not in restriction of the provisions set forth herein above, it is intended and agreed that Commission shall be deemed a beneficiary of the covenants and agreements provided herein above both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of Commission, and such covenants shall run in favor of Commission for the entire period during which such covenants shall be in force and effect, without regard to whether Commission is or remains an owner of any land or interest therein to which such covenants relate. Commission shall have the right, in the event of any breach of any such covenant or agreement, after delivery of notice and expiration of the cure period discussed in the Agreement, to exercise all the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of covenant or agreement, including but not limited to exercise of its rights pursuant to that

certain deed of trust of even date herewith given by Developer to Commission to secure performance of this Regulatory Agreement and repayment of the loan evidenced by the Commission Note.

6. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Regulatory Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by the Agreement, provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations, and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

7. Only Commission, its successors and assigns, and Developer and the successors and assigns of Developer to all or any part of the fee title to the Property shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or other restrictions contained in this Regulatory Agreement, or to subject the Property to additional covenants, easements or other restrictions. Commission, its successors and assigns, and Developer and the successors and assigns of Developer to all or any part of the fee title to the Property shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or restrictions contained in this Regulatory Agreement or to subject the Property to additional covenants, easements, or other restrictions without the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Property.

8. The covenants established in this Regulatory Agreement shall, without regard to technical classification and designation, be binding on Developer and any successor in interest to the Property or any part thereof for the benefit and in favor of Commission, its successors and assigns, and the Commission. Except as set forth below, the covenants contained in this Regulatory Agreement shall remain in effect for the longest feasible time, but not less than 55 years from the date of recordation of this Regulatory Agreement.

9. This Regulatory Agreement, and the covenants contained herein, shall terminate upon repayment in full of the Two Million Seven Hundred Fifty Thousand Dollars ($2,750,000) (the "Commission Loan") loaned by Commission to Developer pursuant to the Agreement. If Developer is successful in obtaining the Additional Financing pursuant to the Agreement, the Commission and Developer contemplate entering into a new loan agreement memorializing the additional financing from the Commission (if any), and recording an amended regulatory agreement or a new regulatory agreement to replace this Regulatory Agreement.

10. The capitalized terms used herein shall have the meanings defined in the Agreement, unless expressly indicated otherwise.

11. In the event Developer obtains financing under the HUD Section 202 program, Commission and Developer agree to enter into any secondary financing riders required by HUD and agree to incorporate any such secondary financing riders as part of this Regulatory Agreement or any successor regulatory agreement executed by Borrower. Commission acknowledges that, among other things, the rider will provide that all provisions of this

Regulatory Agreement shall be subordinate to all documents evidencing the Section 202 capital advance, as well as all HUD regulations, directives and administrative requirements governing the HUD Section 202 program.

IN WITNESS WHEREOF, Commission and Developer have executed this Regulatory Agreement as of the date first set forth above.

COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF WEST HOLLYWOOD, a public body, corporate and politic

_____
Paul Arevalo, Executive Director

Attest:

_____
Thomas R. West, Commission Clerk

Approved as to form:

Richards, Watson & Gershon, A Professional Corporation

_____
Michael Estrada
Special Counsel

"DEVELOPER"

West Hollywood Community Housing Corporation, a California nonprofit public benefit corporation

By: _____
Robin W. Conerly, Executive Director

ACKNOWLEDGMENT

State of California)
County of _____)
)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____ (Seal)
Signature of Notary Public

ACKNOWLEDGMENT

State of California)
County of _____)
)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____ (Seal)
Signature of Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Parcel 1:

Lot 11 of West Hollywood Boulevard Tract, in the City of West Hollywood, County of Los Angeles, State of California, as per map recorded in Book 9 Page 45 of Maps, in the Office of the County Recorder of said County.

Parcel 2:

Lot 10 of West Hollywood Boulevard Tract, in the City of West Hollywood, County of Los Angeles, State of California, as per map recorded in Book 9 Page 45 of Maps, in the Office of the County Recorder of said County.

Assessor's Parcel Number 5531-010-009, 010

LOAN AGREEMENT

THIS LOAN AGREEMENT is made and entered into as of March 10, 2011, by Dominik Nino Linsmayer, (hereinafter called "Participant"), and the West Hollywood Community Development Commission, a public body, corporate and politic (hereinafter called "Commission").

RECITALS

A. Participant is a tenant on the real property, hereinafter called the "Site," located in the East Side Redevelopment Project Area (the "Project Area") of the Redevelopment Plan City of West Hollywood. The Site is located at 7253 Santa Monica Boulevard, West Hollywood, California, and is legally described in Exhibit A, attached hereto and incorporated herein by this reference. Participant operates the following business from the Site: Food Lab Café and Marketplace (the "Business").

B. The Commission has established a Commercial Revitalization Program (the "Program") in the Project Area, to provide assistance to tenants and property owners to revitalize and rehabilitate property in the Project Area.

C. Participant and the Commission desire to implement the Program through the rehabilitation of existing improvements to the Site in accordance with plans approved by the Commission's staff. Structure(s) on the Site will receive facade or other exterior improvements. Such new improvements are listed in the Description of the Project attached hereto as Exhibit B and incorporated herein by this reference, and described on plans dated March 8, 2011 (the "Plans") as approved by the City of West Hollywood Community Development Department, hereinafter referred to as the "Project." Any revisions to the Plans must be approved by the Community Development Department.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties agree as follows:

I. PURPOSE OF THE AGREEMENT

The purpose of this Agreement is to provide for the rehabilitation of the Site through the Program.

II. PARTIES

A. The Commission shall be represented by:

West Hollywood Community Development Commission
Deputy Executive Director
8300 Santa Monica Boulevard
West Hollywood, California 90069

The Participant shall be represented by:

Nino Linsmeyer _____

_____

_____

B. Wherever the term "Participant" is used herein, such term shall also include any permitted assignees approved by the Commission in writing.

C. Formal notices, demands and communications to be given hereunder by either party shall be made to the above-noted representatives in writing and may be effected by personal delivery or by registered or certified mail, postage prepaid, and return receipt requested, and shall be deemed communicated as of the date of mailing.

D. If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice shall be given, in accordance with this section, within five (5) working days of the change.

III. FACADE IMPROVEMENT PLANS

A. The Site shall be rehabilitated in conformance with the Plans. The Plans shall be furnished to the Commission on execution of this Agreement in conformance with the Schedule of Performance attached hereto as Exhibit C and incorporated by reference herein.

B. If an architect is utilized by Participant to prepare plans and specifications, during construction the architect will have primary responsibility to review and approve work of the Contractor (defined in Section V), including review of shop drawings and weekly construction site monitoring. Aside from the monetary assistance available from the Commission pursuant to this Agreement, all costs incurred for the services of the Participant's architect shall be borne by the Participant.

C. Changes to the architectural drawings and construction plans, if any, and specifications, once approved by Participant and property owner (if separate from the Participant) and the Commission, may not be made without mutual written consent of the Participant, property owner (if applicable), and the Commission.

D. Any additional work requested by Participant that does not compromise the Plans and is not eligible for the Commission funding, may be done at Participant's expense.

IV. FINANCING OF AND PAYMENT FOR THE IMPROVEMENTS

A. Financing

1. As part of this Agreement, the total Project cost shall not exceed Sixty Thousand Dollars ($27,891.00).

2. The portion of the Project funded through the Program shall be those items listed as eligible on Exhibit B. The Commission shall not pay any amount in excess of the amounts shown on such line items. Notwithstanding the foregoing, the Commission's contribution to the cost of the Project shall not exceed the sum of Twenty Five Thousand Dollars ($25,000.00) (the "Commission Loan").

3. Participant shall pay all the costs of construction, including but not limited to all cost overruns, less the Commission's maximum contribution as stated in paragraph 2 above. Participant's currently estimated share is Zero Dollars ($0.00). Participant shall deposit Participant's estimated share of funds with the Commission no later than the date that the construction contract is signed. The Commission shall not be obligated to pay interest to Participant on any funds deposited by Participant. If after completion of the Project and final payment to the Contractor any money remains undisbursed from the funds deposited by the Participant, such money shall be refunded to Participant.

4. The Commission shall deposit the money received from Participant, together with the proceeds of the Commission Loan, in a separate account (the "Construction Account"). If after completion of the Project and final payment to Contractor any money remains in the Construction Account, such money shall be disbursed to Participant. If any additional funds are needed, as a result of cost overruns or otherwise, Participant shall deposit such funds with the Commission no later than five (5) days after receipt of written notice from Commission that additional funds are needed.

B. Disbursement of Commission Loan

1. The funds in the Construction Account shall be disbursed to the Contractor in accordance with this Section IV. B. No disbursements shall be made to Contractor until Participant has delivered the following documents to Commission:

   a. the Promissory Note, in the form attached hereto as Exhibit D, executed by Participant (the "Promissory Note");

   b. the Estoppel Certificate, Approval and Authorization, in the form attached hereto as Exhibit E, executed and acknowledged by the owner of fee title to the Site;

c. evidence, satisfactory to the Commission in its reasonable discretion, of the condition of title to the Site, including, without limitation, the current vesting of the Site and all monetary liens encumbering the Site. The Commission shall have the right to terminate this Agreement without any liability or obligation to the Participant if the Commission disapproves the condition of title.

2. Contractor shall request payment by submitting to Participant a description of the work performed, the time and materials used to date, conditional releases for progress payments from Contractor and its subcontractors and suppliers, hereinafter called the "Payment Request." Upon receipt of a complete Payment request, Participant shall review the Payment Request with Participant's architect/engineer. If approved by the Participant and Participant's architect/engineer, Participant shall promptly forward to the Commission the Payment Request with Participant's and Participant's architect/engineer's recommendation for payment. The Commission shall review the Payment Request and, upon determining that Payment Request accurately reflects actual work performed and time and materials used to date, shall authorize payments from appropriate funds in the approved amounts, less a ten percent (10%) retention.

3. If, pursuant to an approved Participant/Contractor Agreement (defined in Section V), the Contractor must pay liquidated damages for failure to complete the Project timely or other breaches, both Participant and the Commission shall be entitled to a pro rata share of such liquidated damages. Such pro rata share shall be determined by the ratio the amount of the Commission Loan shall bear to the total monies provided to fund the Project.

C. Conditional Loan

The Commission's advance of the funds pursuant to Section IV.A shall be repaid by the Participant if the Site is not maintained in accordance with the requirements of this Agreement and the Covenant, or if the Site is sold, conveyed or otherwise transferred (except by reason of a lease or sublease with a term of less than ten (10) years, or if Participant ceases to personally operate the Business from the Site, within a period commencing with the date hereof and ending on the date that is five years after the completion of the Project. Such obligation to repay such amount so advanced by the Commission shall be evidenced by a promissory note (bearing simple interest at the rate of 6% per annum) (the "Promissory Note"). If the Site is maintained as provided in this Agreement, and if Participant continues to personally operate the Business from the Site, for a period of five years after the completion of the Project, then the Commission shall, within 15 days after receipt of written request from Participant, forgive the Promissory Note.

V. CONTRACTOR SELECTION

A. The Project is to be constructed pursuant to a construction contract between the Participant and Contractor (the "Participant/Contractor Agreement").

B. Participant has selected Sauer Construction as the general contractor (the "Contractor") for the construction of the Project. Participant hereby represents to Commission that Contractor holds all required licenses for completion of the Project. Prior to the time the Commission executes this Agreement, Participant shall sign a Participant/Contractor Agreement with the Contractor. The Participant/Contractor Agreement shall be in a form approved by the Commission, and shall include reasonable requirements for insurance to be provided by Contractor. Contracts on unapproved forms shall not be recognized by the Commission for funding. If Contractor's services are terminated pursuant to the Participant/Contractor Agreement, the Participant shall indicate in writing its approval of a new Contractor, who shall enter into the same or similar Participant/Contractor Agreement.

VI. SCHEDULE OF PERFORMANCE

The Project shall be commenced and completed within the times specified in the Schedule of Performance, attached as Exhibit C to this Agreement and incorporated by reference herein.

VII. PARTICIPANT COOPERATION

A. Participant shall fully cooperate with the Contractor including but not limited to: signing all necessary documents and obtaining required permits so that the Project can be completed in full compliance with all Federal, State and local laws; allowing access to the Site for construction of the Project; and taking any and all other actions necessary to cooperate with the Commission and the Contractor in completing the Project. Participant shall be responsible for the cost of obtaining all permits.

B. The Commission and Participant hereby agree that the Commission, Contractor and Architect (if applicable) shall have access to the Site to carry out their obligations with respect to the Project, including during all periods of planning and construction and for the purpose of maintenance after completion of construction.

VIII. USE OF THE SITE

A. Participant covenants and agrees for itself, its successors, assigns and every successor in interest to the Site or any portion thereof, that during rehabilitation and thereafter, the Participant and such successors and assignees shall:

1. Devote the Site to uses in conformance with the City of West Hollywood, (hereinafter the "City"), City zoning requirements, the Plans, the

Redevelopment Plan for East Side Redevelopment Project Area, and this Agreement.

2. Not discriminate upon the basis of race, religion, color, medical condition, sex, sexual orientation and/or gender identity, national origin, political affiliation or opinion, or pregnancy or pregnancy-related condition in the sale, lease or rental or in the use or occupancy of the Site, or any improvement erected or to be erected thereon, or any part thereof. All subsequent deeds, leases or contracts shall contain the nondiscrimination or nonsegregation clauses contained in Section XVI of this Agreement. This covenant shall run with the land and remain in perpetuity.

3. Protect, preserve and maintain in good condition, and to the reasonable satisfaction of the Commission, the Site, the exterior facades, improvements and landscaping. Participant's maintenance shall be in conformance and in compliance with Section IX of this Agreement, the City's maintenance standards, as established by the City's codes relating to property maintenance.

IX. PARTICIPANT'S MAINTENANCE

A. Participant agrees to maintain in good condition, and to the reasonable satisfaction of the Commission, the Site and all improvements on the Site, including landscaping and signage. Maintenance shall be in conformance and in compliance with City's normal maintenance standards, as defined by City's codes relating to property maintenance and the Covenant.

B. The Commission agrees to notify Participant in writing if the condition of the Site or the improvements do not meet with the Commission's maintenance requirements. If, after thirty (30) days from the date written notice of improper maintenance is mailed or personally delivered, Participant fails to remedy, correct or cure the maintenance problem, then the Commission or its designee may perform such maintenance. Participant's execution of this Agreement shall constitute an irrevocable license to the Commission (or its designee) of full and complete access to the Site to perform such maintenance in the event of the failure of Participant to timely perform such maintenance. Participant shall reimburse the Commission for any and all costs incurred by the Commission in maintenance of the Site or the improvements or any signage thereon. Any and all costs or expenses incurred by the Commission to remedy, maintain, correct or fix the Site or the improvements or signage on the Site shall be paid by Participant within 10 days after a written itemization of the cost is mailed or personally delivered to Participant.

C. If Participant fails to pay the billed costs of maintenance, then Participant agrees and acknowledges a lien for such moneys shall be recorded against the Business by the Commission; and any and all other remedies available in law or equity may

be pursued by the Commission. Participant agrees to be liable for any and all attorney's fees and costs incurred in collecting the maintenance costs.

X. COMPLIANCE WITH LAW, INCLUDING PREVAILING WAGE LAW

A. Participant shall comply with all local, State and Federal laws relating to the construction and rehabilitation work funded in whole or part by the Program, including but not limited to prevailing wage laws. Participant acknowledge that the payment of prevailing wages is required, pursuant to Sections 1720 and 1770 et seq. of the California Labor Code.

B. Participant shall comply with all local, State and Federal laws relating to the use of, or condition of, any and all improvements on the Site, whether the improvements were constructed as part of the Project, are now existing at the Site, or as later may be constructed by Participant or any of Participant's lessees or agents.

XI. In connection with all improvements to the Site, including but not limited to the exterior building facade rehabilitation, landscaping and signage, the Contractor shall apply to City for issuance of all necessary permits. Participant acknowledges that neither City nor the Commission has investigated, nor do they have knowledge of, the condition of the existing building and structures for compliance with the City Municipal Code and Uniform Codes, e.g., Uniform Building Code. Participant acknowledges that by granting permits for facade rehabilitation, City and the Commission are neither approving, condoning or accepting any building or structural conditions, improvements or modifications which may exist, legally or illegally, on the Site; nor is City or the Commission approving any lot line or lot configuration. All existing and future improvements or construction, including but not limited to any and all exterior and interior alterations and the location of openings in any walls, is the liability and responsibility of Participant and the property owner.

XII. INTENTIONALLY LEFT BLANK

XIII. DEFAULTS AND WAIVER

A. Failure or delay by any party to perform any term or provision of this Agreement constitutes a default under this Agreement. The aggrieved party shall give written notice of the default to the party in default as set forth in Section II hereof. The defaulting party must immediately commence to cure, correct or remedy such default and shall complete such cure, correction or remedy within thirty (30) days from receipt of the written notice of default; and during such period of curing shall not be in default. If such cure, correction or remedy by its nature cannot be effectuated within such thirty (30) day period, such cure, correction or remedy shall be diligently and continuously prosecuted until completion thereof, but in no event for a period longer than ninety (90) days. If such defaulting party fails to cure the default within such time period, non-defaulting party may terminate this

Agreement and exercise any rights or remedies it may have at law or in equity. In the event of a breach by Participant, the Commission may declare all sums advanced by the Commission immediately due and payable.

B. In addition, the Commission may terminate this Agreement at any time if Participant does not perform any obligation required by the Agreement by giving fifteen (15) days written notice to Participant.

C. Upon termination, the Commission shall be authorized to withdraw any and all moneys it deposited into the Construction Account, except for that amount necessary to pay the Contractor for work satisfactorily completed and in accordance with this Agreement. Upon termination, the Commission shall return to Participant any and all moneys it deposited into the Construction Account, less liquidated damages, if any.

D. The waiver by one party of the performance of any covenant, condition or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The exercise of any remedy shall not preclude the exercise of other remedies any party may have in law or equity. The failure of any party to give notice of default shall not be deemed to be a waiver of the performance of any covenant, condition or promise.

XIV. MODIFICATION

This Agreement may be modified only by written amendment executed by Participant and the Commission. Any change order to the Participant/Contractor Agreement that changes the scope, cost or time of the Project requires execution of the contract change order and of an amendment to this Agreement by Participant and the Commission.

XV. INDEMNIFICATION

Participant shall indemnify, defend and hold the Commission and the City and their officers, agents, employees and attorneys harmless from all claims, damages or liability, including all reasonable attorney's fees and other costs incurred in defending any claims, arising out of or in connection with the activities performed under this Agreement and any activities occurring in, on or about the Site. Such indemnity shall extend, but not be limited to claims, damages and liability arising from personal injuries, death or real or personal property damages, provided that the obligation to indemnify shall not extend to claims, damages or liability arising solely from the willful misconduct of the City, the Commission or any of their officers or employees.

XVI. FORM OF NONDISCRIMINATION AND NONSEGREGATION CLAUSES.

Participant shall refrain from restricting the rental, sale, or lease of any portion of the Site, or contracts relating to the Site, on the basis of race, religion, color, medical condition, sex, sexual orientation and/or gender identity, national origin, political affiliation or opinion, or pregnancy or pregnancy-related condition of any person. All such deeds, leases or contracts

shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

A. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, or on account of sexual orientation and/or gender identity, medical condition, political affiliation or opinion, or pregnancy or pregnancy-related condition, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

B. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, or on account of sexual orientation and/or gender identity, medical condition, political affiliation or opinion, or pregnancy or pregnancy-related condition, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons,

as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

C. In contracts for the sale, lease, sublease or other transfer of the Site or any portion thereof: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, or on account of sexual orientation and/or gender identity, medical condition, political affiliation or opinion, or pregnancy or pregnancy-related condition, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

XVII. GENERAL PROVISIONS

A. *Notices, Demands and Communications Among the Parties.* Written notices, demands and communications among the Commission and the Participant shall be sufficiently given by personal service or dispatched by first class mail, postage prepaid, return receipt requested, to the principal offices of the Commission or the Participant described in Section II.A. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section XVII.A. Notwithstanding anything to the contrary contained herein, notice personally served shall be presumed to have been received as of the date of such service, and notices sent via mail as provided herein shall be presumed to have been received on the second business day after deposit of same in the mail.

B. *Conflicts of Interest.* The Participant warrants that it has not paid or given and will not pay or give any officer, employee or agent of the City or the Commission any money or other consideration for obtaining this Agreement.

C. *Interpretation.* The provisions of this document shall be liberally construed to effectuate its purpose.

D. *Severability.* Invalidation of any of the covenants, conditions, restrictions, or other provisions contained herein by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, and the same shall remain in full force and effect.

E. *Headings.* The headings to the various Articles and Sections of this Agreement have been inserted for convenient reference only and shall not to any extent have the effect of modifying, amending or changing the expressed terms and provisions of this Agreement.

F. *Non-Liability of Officials and Employees of the Commission.* No member, official, agent, attorney, or employee of the Commission or the City shall personally be liable to the Participant or any successor in interest of the Participant pursuant to the provisions of this Agreement, nor for any default or breach by the Commission.

G. *Attorneys' Fees.* In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach thereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof.

H. *Time of Essence.* Time is of the essence in the performance hereof.

I. *Entire Agreement, Waivers and General.*

1. This Agreement may be executed in counterparts, each of which is deemed to be an original.

2. This Agreement, together with all exhibits hereto, integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

3. All amendments hereto must be in writing executed by the appropriate authorities of the Commission and the Participant.

J. *Successors and Assigns.* The provisions of this Agreement are expressly binding upon, and shall inure to the benefit of, the parties hereto and their successors in interest and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written above.

Participant:

By _____

Dominik Nino Linsmayer

Title: Owner

Commission:

WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION, a public body, corporate and politic

By _____

By Paul Arevalo

Title: Executive Director

Attest: _____

Secretary

Exhibit A

Legal Description

The land referred to is situated in the County of Los Angeles, City of West Hollywood, State of California, and is described as follows:

PARCEL 1:

LOT 1 OF TRACT NO. 3807. IN THE CITY OF WEST HOLLYWOOD, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA. AS PER MAP RECORDED IN BOOK 58 PAGE 70 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOT 8 OF TRACT NO. 3470. IN THE CIT OF WEST HOLLYWOOD, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA. AS PER MAP RECORDED IN BOOK 46, PAGE 56 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Exhibit B

Description of the Project

(including line item budget, indicating amounts to be funded by the Commission and amounts to be funded by Participant).

Work Item	Commission Contribution	Participant Contribution
Removal of existing door, roll up gate, shelves, and necessary items	$1,480.00	
Install 2X4 walls and building of partition walls	$3,950.00	
Installation of new electrical to expansion area	$5,270.00	
Installation of all doors to openings	$2,140.00	
Installation of stainless steel counter top with sink	$3,880.00	
Installation of drywall and open wall in office	$2,840.00	
Run plumbing to new sink area, install floor drain and drain connections, and cut and remove concrete to install drain line	$1,320.00	$4,440.00
Replace 2 panes of exterior glass	$1,200.00	
Stain and seal flooring	$1,970.00	
Install finish work – detail pieces and finish moldings	$950	$1,550.00
TOTAL	**$25,000.00**	**$5,990.00**

Exhibit C

Schedule of Performance

Task	Due Date
1. Participant shall submit Preliminary Design Drawings	1. Within thirty days after Agreement
2. CDC Staff shall approve or disapprove Preliminary Design Drawings	2. Within thirty days after submittal of Preliminary Design Drawings
3. Participant shall submit Design Development Drawings	3. Within sixty days after staff approval of Preliminary Design Drawings
4. CDC Staff shall approve or disapprove Design Development Drawings	4. Within thirty days after submittal of Design – Development Drawings
5. Participant shall submit Final Plans	5. Within sixty days after staff approval of Design Development Drawings
6. CDC Staff shall approve or disapprove Final Plans	6. Within sixty days after submittal of Final Plans
7. Commencement of construction	7. Within sixty days after staff approval of Final Plans
8. Completion of construction	8. Within nine(9) months after commencement of construction

Exhibit D

Form of Promissory Note

PROMISSORY NOTE

(Commercial Rehabilitation Loan Program)

$25,000.00 West Hollywood, California

Basic Provisions

Date: March 10, 2011

Name of Maker(s): Dominik Nino Linsmayer

Principal Amount: $25,000.00

Twenty Five Thousand Dollars and No Cents ($25,000.00)

Annual Interest Rate: Six percent (6%) per annum

Maturity Date: (60) months after the date issuance of the Certificate of Completion (as such term is defined in the Loan Agreement defined below), or July 10, 2016 whichever comes first.

Address of the Property: 7253 Santa Monica Boulevard, West Hollywood, California (the "Property")

For value received, the undersigned Maker promises to pay to the West Hollywood Community Development Commission, a public body, corporate and politic, or order ("Lender"), at 8300 Santa Monica Boulevard, West Hollywood, California 90069, Attn.: Executive Director, or at such other place as may be designated in writing by Lender, the Principal Amount, together with interest thereon at the Annual Interest Rate.

This Promissory Note (this "Note") is issued pursuant to and arises out of the terms and conditions of the Loan Agreement, dated March 10, 2011 (the "Loan Agreement") between Maker (as "Participant" therein), and Lender (as "CDC" therein), concerning the Property.

No payments shall be due until the Maturity Date. In addition, the principal and accrued interest hereunder shall be forgiven in full on the Maturity Date (but no sooner) if (i) Maker has completed construction of the Improvements (defined in the Loan Agreement), (ii) Maker has not defaulted hereunder and there is no default under the Restrictive Covenant of substantially even date herewith (the "Restrictive Covenant"), or if Maker has defaulted, if no such default has remained outstanding beyond any cure period therefor, and (iii) Maker has

maintained the Property in accordance with the property maintenance standards set forth in the West Hollywood Municipal Code throughout the term of the Loan.

Interest and principal shall be due and payable in lawful money of the United States of America.

Maker may prepay, without penalty or premium, any amount of the principal under this Note prior to the due date hereof.

At Lender's option, all sums owing hereunder shall, at once, become immediately due and payable upon the occurrence of any of the following: (i) Maker defaults in the payment of any interest, principal, or any other sums due hereunder, (ii) Maker defaults on performance of any of the covenants, agreements, terms or provisions of Loan Agreement, this Note or the Restrictive Covenant, or (iii) Maker breaches or defaults on any covenant or condition of any note or other obligation secured by any instrument encumbering the Property, or (iv) Maker sells, assigns, conveys, hypothecates, transfers, encumbers or alienates the Property, or any part thereof, or any interest therein, or shall be divested of title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the Lender being first had and obtained. Thereafter, interest shall accrue at the maximum legal rate permitted to be charged by non-exempt lenders under the usury laws of the State of California.

Maker agrees to pay all costs of collection when incurred, including without limitation, reasonable attorneys' fees and expenses (whether or not suit is filed hereon) and court costs. Such costs shall be added to the balance of principal then due.

Failure of Lender to assert any right in this Note shall not be deemed a waiver of such right.

All parties who are obligated to pay any portion of the indebtedness represented by this Note, whether as principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest and notice of dishonor, and all other notices to which they might otherwise be entitled, and further waive all defenses based on release of security, extension of time or other indulgence given in respect of payment of this Note, to whomsoever given, and further waive all defenses, generally, except the defense of actual payment of this Note according to its tenor.

Maker waives presentment, demand for payment, notice of dishonor, notice of protest, protest and all other notices or demands in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this instrument.

This Note shall be binding upon Maker and Maker's heirs, legal representatives, successors and assigns.

Time is of the essence with respect to every provision hereof. If any provision hereof is found to be invalid or unenforceable by a court of competent jurisdiction, the invalidity thereof shall not affect the enforceability of the remaining provisions of this Note.

If more than one person or entity is signing this Note as the "Maker," then the obligations of all parties shall be joint and several.

This Note shall be construed and enforced in accordance with the laws of the State of California.

"Maker":

Dominik Nino Linsmayer

Owner

Exhibit E

Form of Estoppel Certificate, Approval and Authorization

(attached)

Form of Estoppel Certificate, Approval and Authorization

ESTOPPEL CERTIFICATE, APPROVAL AND AUTHORIZATION

THIS CERTIFICATE, APPROVAL AND AUTHORIZATION (the "Certificate") is dated as of 3/1/11 and is executed by M. Hashim ("Landlord") in favor of the WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION, a public body, corporate and politic ("Commission").

WITNESSETH:

WHEREAS, Landlord is the owner of the land and improvements located at 7366 Santa Monica Boulevard, West Hollywood, California (collectively, the "Property");

WHEREAS, Landlord has leased the Property to Food LAB., ("Tenant") pursuant to that certain Lease dated ~~[illegible]~~ Oct 08, by and between Landlord and Tenant (the "Lease");

WHEREAS, Tenant has requested that Commission make a 25000 loan to Tenant (the "Commission Loan") for facade or other exterior improvement work to the Property, and Commission has agreed to make the Commission Loan pursuant to the terms of that certain Loan Agreement dated as of _____by and between Commission and Tenant (the "Loan Agreement");

WHEREAS, the Loan Agreement conditions the Commission Loan upon Landlord executing and delivering this Certificate, Approval and Authorization to Commission.

The undersigned hereby ratifies the Lease, and certifies and agrees as follows:

1. Approval. Landlord approves the plans dated 3/8/11 (the "Plans"), as approved by the City of West Hollywood's Community Development Department.

2. Authorization. Landlord authorizes Tenant to complete, or cause to be completed, the facade or other exterior improvements to the Property as described in the Plans. The implementation of improvements to the Property in accordance with the Plans shall be referred to herein as the "Project."

3. Title. As of the date of this Certificate, Landlord is the fee owner of the Property. Landlord has not previously sold, assigned or encumbered its interest in the Property.

4. Lease. A true and correct copy of the Lease, including all amendments and addenda (if any) is attached hereto as Exhibit A. As of the date of this Certificate, (a) Tenant is not in default in the performance of the terms and provisions of the Lease, and (b) to the best knowledge of Landlord, no event has occurred which, with the passage of time or the giving of notice or both, would constitute any such default. Landlord has not given Tenant any notice of default under the Lease. Further, Landlord is unaware of any conditions or events that would prevent the Lease from being effective or would permit a cancellation or termination of the Lease by Landlord or Tenant.

5. Access. Commission and Commission's employees, consultants and contractors shall have the right to enter upon the Property to carry out their obligations with respect to the Project, including inspecting the Property during all periods of planning and construction and for the purpose of maintenance to the Property not performed by the Tenant as required under the Loan Agreement or for maintenance after completion of construction of the improvements.

6. Governing Law. This Certificate shall be construed, enforced and interpreted in accordance with the laws of the State of California.

7. Successors and Assigns. This Certificate shall bind and inure to the benefit of Commission and its successors and assigns. Landlord and Tenant shall disclose this Certificate to any person or entity acquiring an interest in the Property or Lease.

IN WITNESS WHEREOF, Landlord has caused this Certificate to be executed as of the date first written above.

LANDLORD:

X [redacted]

DATE: [redacted] 03-09-2011

ACKNOWLEDGMENT

State of California)
)
County of Los Angeles)

On March 9, 2011 before me, MARY R. GONSALVES, Notary Public
(insert name and title of the officer)

personally appeared MAX ULRICH HUSHAHN,

who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Mary R. Gonsalves (Seal)
Signature of Notary Public

MARY R. GONSALVES
Commission # 1835520
Notary Public - California
Los Angeles County
My Comm. Expires Mar 7, 2013

ACKNOWLEDGMENT

State of California)
)
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____ (Seal)
Signature of Notary Public

RESOLUTION NO. CDC 11-053

RESOLUTION OF THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION APPROVING A COOPERATION AGREEMENT AND MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATED THERETO

THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF WEST HOLLYWOOD DOES HEREBY RESOLVE AS FOLLOWS:

WHEREAS, the West Hollywood Community Development Commission (the "CDC") has prepared a Redevelopment Plan for the East Side Redevelopment Project (the "Project Area"), which results in the allocation of taxes from the Project Area to the CDC for purposes of redevelopment; and

WHEREAS, the intent of the Redevelopment Plan is, in part, to provide for the construction and installation of necessary public infrastructure and facilities and to facilitate the repair, restoration and/or replacement of existing public facilities and to perform specific actions necessary to promote the redevelopment and the economic revitalization of the Project Area; and to increase, improve and preserve the community's supply of low and moderate income housing; and to take all other necessary actions to implement the Redevelopment Plan for the Project Area and to expend tax increment to accomplish the goals and objectives of the redevelopment project; and

WHEREAS, the CDC has adopted its Five-Year Implementation Plan for the Project Area, as amended from time to time (the "Implementation Plan") with established goals to support affordable housing, economic development, community revitalization, commercial revitalization, and institutional revitalization. To implement the programs and activities associated with each goal, the CDC has made redevelopment fund commitments based on estimated available tax increment revenue and debt financing structures; and

WHEREAS, the CDC and the City of West Hollywood (the "City") wish to cooperate with one another to bring about the redevelopment of the Project Area and accomplish various tasks set forth in the Redevelopment Plan and the Implementation Plan; and

WHEREAS, pursuant to Section 33220 of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) (the "CRL") certain public bodies, including the City may aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects; and

WHEREAS, the CDC and the City have prepared a Cooperation Agreement (the "Agreement") to provide for development and construction of

certain projects set forth in the Schedule of Projects attached thereto as Exhibit 1 (the "Projects"), subject to all of the terms and conditions of the Agreement; and

WHEREAS, the programs and activities associated with the Projects include, but are not limited to, acquisition and disposition of property, development of design criteria, design, planning, preparation of construction bid documents, financial analysis, financing and new construction or rehabilitation. To carry out the Projects in accordance with the objectives and purposes of the Redevelopment Plan for the Project Area and the Implementation Plan, the CDC desires assistance and cooperation in the implementation and completion of the Projects. The City wishes to enter into the Agreement with the CDC to aid the CDC and cooperate with the CDC to expeditiously implement the Projects in accordance with the Redevelopment Plan for the Project Area and the Implementation Plan and undertake and complete all actions necessary or appropriate to ensure that the objectives of the Redevelopment Plan for the Project Area and the Implementation Plan are fulfilled within the time effectiveness of the Project Area; and

WHEREAS, in considering the CDC's desire to ensure timely implementation and completion of the Projects, the CDC wishes to enter into the Agreement with the City for the pledge of net available tax increment to finance the Projects. The purpose of the Agreement is to facilitate the implementation of the Projects and to provide funding necessary to effectuate the completion of the Projects with net available tax increment in this current fiscal year and forthcoming fiscal years; and

WHEREAS, net available tax increment is defined as any tax increment, net of existing debt service payments, and existing contractual obligations received by the CDC or any lawful successor of the CDC and/or to any of the powers and rights of the CDC pursuant to any applicable constitutional provision, statute or other provision of law now existing or adopted in the future. The pledge of net available tax increment will constitute obligations to make payments authorized and incurred pursuant to Sections 33445 and 33445.1 of the CRL and other applicable statutes. The obligations set forth in the Agreement will be contractual obligations that, if breached, will subject the CDC to damages and other liabilities or remedies; and

WHEREAS, by approving and entering into the Agreement, the CDC will approve the pledge of net available tax increment from the Project Area to pay for the Projects; and

WHEREAS, the obligations of the CDC under the Agreement shall constitute an indebtedness of the CDC for the purpose of carrying out the Redevelopment Plan for the Project Area; and

WHEREAS, it is in the best interests of the City and for the common benefit of residents, employees, business tenants and property owners within the Project Area and the City as a whole for the Projects to be developed and constructed; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, the West Hollywood Community Development Commission (CDC) DOES HEREBY RESOLVE, as follows:

1. The CDC has received and heard all oral and written objections to the proposed payments by the CDC to the City for the Projects as described in the Agreement, and to other matters pertaining to this transaction, and all such oral and written objections are hereby overruled.

2. The CDC hereby finds and determines that the foregoing recitals are true and correct.

3. Based on the evidence in the record, the CDC hereby finds and determines, with respect to the Projects identified in Exhibit 1 attached to the Agreement that are publicly owned and located inside the Project Area, that:

(a) Said Projects and the programs and activities associated therewith are of benefit to the Project Area by helping to eliminate blight within the project area or providing housing for low- or moderate income persons; and

(b) No other reasonable means of financing said Projects and the programs and activities associated therewith are available to the community; and

(c) The payment of funds by the CDC for the costs related to said Projects and the programs and activities associated therewith is consistent with the Implementation Plan adopted pursuant to Section 33490 of the CRL.

4. The CDC hereby consents to the payments by CDC to City.

5. The Agreement in substantially the form presented to the CDC is hereby approved, a copy of which is on file with the Secretary of the CDC.

6. The CDC Chair, or designee, is hereby authorized to execute the Agreement on behalf of the CDC, together with such non-substantive changes and amendments as may be approved by the CDC Executive Director and CDC Special Counsel.

7. The CDC Executive Director, or designee, is hereby authorized, on behalf of the CDC, to sign all documents necessary and appropriate to carry out and implement the Agreement, and to administer the CDC's obligations, responsibilities and duties to be performed under the Agreement.

8. In the event the CDC desires to issue bonds, notes, or other instruments of indebtedness of the CDC to carry out redevelopment projects, then any indebtedness of the CDC to the City pursuant to this Agreement, including any interest accrued thereon, shall be deemed not to be a first pledge of tax increment allocations received by the CDC pursuant to this Agreement and Section 33670 of the CRL; and any indebtedness of the CDC to the City, including any interest accrued thereon, shall be subordinate to any pledge of tax increments to bondholders or the holders of other such instruments of indebtedness.

9. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED by the Community Development Commission of the City of West Hollywood at a regular meeting held this 18th day of January, 2011 by the following vote:

AYES:	Commissioner:	Horvath, Land, Prang, Vice Chair Duran, and Chair Heilman.
NOES:	Commissioner:	None.
ABSENT:	Commissioner:	None.
ABSTAIN:	Commissioner:	None.

JOHN HEILMAN, CHAIR

ATTEST:

THOMAS R. WEST, SECRETARY

COOPERATION AGREEMENT BETWEEN THE CITY OF WEST HOLLYWOOD AND THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION (CDC) FOR PAYMENT OF COSTS ASSOCIATED WITH CERTAIN CDC FUNDED CAPITAL IMPROVEMENT AND AFFORDABLE HOUSING PROJECTS

THIS COOPERATION AGREEMENT (the "Agreement") is entered into this 18th day of January, 2011, by and between the CITY OF WEST HOLLYWOOD (the "City") and the WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION (the "CDC"), with reference to the following facts:

A. The CDC has prepared a Redevelopment Plan for the East Side Redevelopment Project (the "Project Area"), which results in the allocation of taxes from the Project Area to the CDC for purposes of redevelopment.

B. The intent of the Redevelopment Plan is, in part, to provide for the construction and installation of necessary public infrastructure and facilities and to facilitate the repair, restoration and/or replacement of existing public facilities and to perform specific actions necessary to promote the redevelopment and the economic revitalization of the Project Area; and to increase, improve and preserve the community's supply of low and moderate income housing, some of which may be located or implemented outside the Redevelopment Project Area; and to take all other necessary actions to implement the Redevelopment Plan for the Project Area and to expend tax increment to accomplish the goals and objectives of the Redevelopment Project.

C. The CDC has adopted its Five-Year Implementation Plan for the Project Area, as amended from time to time (the "Plan") with established goals to support affordable housing, economic development, community revitalization, commercial revitalization, and institutional revitalization. To implement the programs and activities associated with each goal, the CDC has made redevelopment fund commitments based on estimated available tax increment revenue and debt financing structures.

D. Pursuant to California Redevelopment law, section 33220, certain public bodies, including the City may aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects. Collectively, the projects associated with this Agreement are listed in the attached Exhibit 1, which are incorporated herein by this reference (the "Projects"). The programs and activities associated with the Projects include but are not limited to acquisition and disposition of property, development of design criteria, design, planning, preparation of construction bid documents, financial analysis, financing and new construction or rehabilitation. To carry out the Projects in accordance with the objectives and purposes of the Redevelopment Plan for the Project Area and the Plan, the CDC desires assistance and cooperation in the implementation and

completion of the Projects. The City agrees to aid the CDC and cooperate with the CDC to expeditiously implement the Projects in accordance with the Redevelopment Plan for the Project Area and the Plan and undertake and complete all actions necessary or appropriate to ensure that the objectives of the Redevelopment Plan for the Project Area and the Plan are fulfilled within the time effectiveness of the Project Area.

E. In considering the CDC's desire to ensure timely implementation and completion of the Projects, the CDC wishes to enter into this Agreement with the City for the pledge of net available tax increment to finance the Projects. The purpose of this Agreement is to facilitate the implementation of the Projects and to provide funding necessary to effectuate the completion of the Projects with net available tax increment in this current fiscal year and forthcoming fiscal years.

F. Net available tax increment is defined as any tax increment, net of existing debt service payments, and existing contractual obligations received by the CDC or any lawful successor of the CDC and/or to any of the powers and rights of the CDC pursuant to any applicable constitutional provision, statute or other provision of law now existing or adopted in the future. The pledge of net available tax increment will constitute obligations to make payments authorized and incurred pursuant to Section 33445 and other applicable statutes. The obligations set forth in this Agreement will be contractual obligations that, if breached, will subject the CDC to damages and other liabilities or remedies.

G. The City Council (the "Council") and the CDC by resolution have each found that the use of CDC redevelopment funding for the Projects is in accordance with Section 33445 of the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.) ("CRL") and Section 33445(a) of the CRL and other applicable law. The said Council and CDC resolutions are each based on the authority of the CDC, with the consent of the Council, to pay all or part of the cost of the installation and construction of any building, facility, structure, or other improvements which is publicly owned either within or outside a project area, if the Council makes certain determinations.

H. By approving and entering into this Agreement, the CDC has approved the pledge of net available tax increment from the Project Area to pay for the Projects.

I. The obligations of the CDC under this Agreement shall constitute an indebtedness of the CDC for the purpose of carrying out the Redevelopment Plan for the Project Area.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

INTRODUCTORY PROVISIONS

The recitals above are an integral part of this Agreement and set forth the intentions of the parties and the premises on which the parties have decided to enter into this Agreement.

II. CDC'S OBLIGATIONS

The Projects are those projects which are listed on the attached Exhibit 1, which is incorporated herein by this reference. The CDC agrees to pay to the City an amount equal to the cost to the City to carry out the Projects, including without limitation all costs incurred by the City for the planning, acquisition and disposition, financing, development, permitting, design, site testing, bidding, construction and construction management of the Projects. The CDC's obligations under this Agreement, including without limitation the CDC's obligation to make the payments to the City required by this Agreement, shall constitute an indebtedness of the CDC for the purpose of carrying out the redevelopment of the Project Areas and are obligations to make payments authorized and incurred pursuant to Section 33445 and other applicable statutes. The obligations of the CDC set forth in this Agreement are contractual obligations that, if breached, will be subject the CDC to damages and other liabilities or remedies.

The obligations of CDC under this Agreement shall be payable out of net available tax increment, as defined in the above recitals and/or as defined or provided for in any applicable constitutional provision, statute or other provision of law now existing or adopted in the future, levied by or for the benefit of taxing agencies in the Redevelopment Project Area, and allocated to the CDC and/or any lawful successor entity of the CDC and/or any entity established by law to carry out any of the Redevelopment Plan for the Project Area and/or expend tax increment or pay indebtedness of the CDC to be repaid with tax increment, pursuant to Section 33670, et seq., of the California Community Redevelopment Law or any applicable constitutional provision, statute or other provision of law now existing or adopted in the future.

The indebtedness of CDC under this Agreement shall be subordinate to the rights of the holder or holders of any existing bonds, notes or other instruments of indebtedness (all referred to herein as "indebtedness") of the CDC incurred or issued to finance the Redevelopment Project Area, including without limitation any pledge of tax increment revenues from the Redevelopment Project Area to pay any portion of the principal (and otherwise comply with the obligations and covenants) of any bond or bonds issued or sold by CDC with respect to the Redevelopment Project Area.

All payments due to be made by the CDC to the City under this Agreement shall be made by the CDC as necessary to reimburse the City for the cost to the City of performing its obligations hereunder. City shall provide CDC with a quarterly report accompanied by evidence reasonably satisfactory to the CDC's Executive Director that the City has progressed in the development and construction of the Project for which payment is made by the CDC commensurate with such payments and has incurred costs or obligations to make payments equal to or greater than such amount.

The CDC shall perform its obligations hereunder in accordance with the applicable provisions of the federal, state, and local laws, including the obligation to comply with environmental laws such as CEQA.

III. CITY'S OBLIGATIONS

1. The City shall accept any funds offered by the CDC pursuant to this Agreement and shall devote those funds to completion of the Projects by (i) reimbursing the City or using such funds to make City expenditures to perform the work required to carry out and complete the Projects; (ii) utilizing such funds to pay debt service on bonds or other indebtedness or obligations that the City has or will incur for such purposes; and/or paying such funds into a special fund of the City to be held and expended only for the purpose of satisfying the obligations of the City hereunder.

2. It is the responsibility of City to pay all development and construction costs in connection with the Projects from funds paid to the City by the CDC under this Agreement.

3. The City shall perform its obligations hereunder in accordance with the applicable provisions of federal, state and local laws, including the obligation to comply with environmental laws such as CEQA.

IV. Liability and Indemnification

In contemplation of the provisions of California Government Code Section 895.2 imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an agreement as defined by Government Code Section 895, the parties hereto, as between themselves, pursuant to the authorization contained in Government Code Sections 895.4 and 895.6, shall each assume the full liability imposed upon it, or any of its officers, agents or employees, by law for injury caused by negligent or wrongful acts or omissions occurring in the performance of this Agreement to the same extent that such liability would be imposed in the absence of Government Code Section 895.2. To achieve the above-stated purpose, each party indemnifies, defends and holds harmless the other party for any liability, losses, cost or expenses that may be incurred by such other party solely by reason of Government Code Section 895.2.

V. Entire Agreement: Waivers and Amendments

This Agreement shall be executed in triplicate originals, each of which is deemed to be an original. This Agreement consists of six (6) pages and one exhibit, which constitute the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter of this Agreement.

This Agreement is intended solely for the benefit of the City and the CDC. Notwithstanding any reference in this Agreement to persons or entities other than the City and the CDC, there shall be no third party beneficiaries under this Agreement.

All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the authorized representatives of the parties.

VI. SEVERABILITY

If any term, provisions, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

VII. DEFAULT

If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity to enforce the provisions of this contract, including without limitation the right to sue for damages for breach of contract. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative and shall not limit the non-defaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party. All notices of defaults shall clearly indicate a notice of default under this Agreement.

BINDING ON SUCCESSORS

This Agreement shall be binding on and shall inure to the benefit of all successors and assigns of the parties, whether by agreement or operation of law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

Attest: CITY OF WEST HOLLYWOOD

By: _____ By: _____

City Clerk Mayor

Attest: WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION

By: _____ By: _____

Secretary Chair

APPROVED AS TO FORM:

By: _____

City Attorney

APPROVED AS TO FORM:

By: _____

CDC Special Counsel

EXHIBIT 1

PROJECTS

SUMMARY CHART

Public Works within the Redevelopment Project Area - Project Name	Estimated Cost
Plummer Park Rehabilitation and Parking	$31 million
Sewer Renovation	$1 million
La Brea Streetscape	$1.5 million
Neighborhood Landscape and Lighting Program	$1 million
Brownfields Clean Up Santa Monica Boulevard	$4 million
Subtotal – Public Works	$38.5 million
Affordable Housing within the Redevelopment Project Area - Project Name	Estimated Cost
Alternative Living for the Aging 17 units	$2.5 million
La Brea Apartments Construction 32 units	$3.5 million
Affordable Housing Project – 40 units	$4 million
Affordable Housing Acquisition and Rehabilitation – 40 units	$4 million
West Hollywood Community Housing Corporation – Disabled Access, Maintenance and Rehabilitation	$2 million
Subtotal Affordable Housing	$16 million
Total	$54.5 million

PROJECT LIST – DETAIL

Plummer Park Rehabilitation and Parking - $31 million

This project is the product of the Plummer Park Master Plan adopted by the City Council on November 21, 1995 and was updated and approved by City Council on October 4, 2004. The Master Plan was developed through extensive public outreach and the work of the Plummer Park Committee. The Master Plan was included in the Five-Year Implementation Plan adopted by the CDC, as well as the list of City's Capital Projects. Funding for the Plummer Park improvements has been planned for over many years, tax increment put aside, City funds allocated to planning, and a bond issue is being structured. Schematic Design Drawings for the Park were approved by Council on October 18, 2010 and Design Development Drawings are scheduled to be presented to Council for consideration on February 7, 2011.

The Plummer Park Rehabilitation and Parking Project will create 179 spaces of underground parking replacing surface parking and also demolish outdated buildings to add an acre of open space to the Park. It will also include extensive landscape and lighting improvements, disabled access, and better security and visibility in the park. Plummer Park is an oasis in the densely populated the East Side Redevelopment Project. The Project Area is extremely lacking in open space.

Sewer Renovation - $1 million

The Project Area's sewers are over 80 years old and in desperate need of repair. The sewers in the area bounded by Hayworth Avenue, Fountain Avenue, Willoughby Street and the City boundary east of La Brea Avenue have been surveyed and scoped using General Funds and the areas of repairs have been identified. The project is in the process of bidding through the public bidding process and a contractor will be selected by the City Council on February 7, 2011. The work, which is partially funded by Community Development Block Grant monies, will commence shortly.

La Brea Streetscape - $1.5 million

In 2001, the City completed the reconstruction of Santa Monica Boulevard using General Fund monies. To improve the viability of commercial businesses on the eastern boundary of the Project Area, the Five-Year Implementation Plan calls for the continuation of the design for Santa Monica Boulevard along La Brea Avenue from Fountain Avenue to Romaine Street. Conceptual design plans have been drawn by a landscape architect and the project has been selected for inclusion in the MTA's Call for Projects for grant funding in the amount of $862,500 starting in FY 2011-12.

Neighborhood Landscape and Lighting Program - $1 million

The Five-Year Implementation Plan calls for a program to develop neighborhood identity. Through surveys with Project Advisory Committee members and staff, blocks are being identified to receive improvements including landscape. Signage, lighting, and other means. The first project on Orange Grove Avenue north of Santa Monica Boulevard will develop a drought tolerant demonstration garden in the parkways on both sides of the street. This garden will not only improve the neighborhood, but will provide examples of plants and methods for others to replicate.

Brownfields Clean Up Santa Monica Boulevard - $4 million

The Project Area has a long history of industrial and other uses that require environmental remediation. There are a few remaining formerly industrial sites on Santa Monica Boulevard between Martel and La Brea Avenues that our surveys have found evidence of significant contamination. The concerns about this contamination have inhibited productive redevelopment of these sites. Funding for clean up will create more stability and enable the revitalization of these properties.

Alternative Living for the Aging - $2.5 million

On November 15, 2010, the CDC approved a financing commitment letter to Alternative Living for the Aging (ALA) committing the CDC for up to $2.5 million for a 17-unit project located at 937 North Fairfax Avenue. ALA is actively seeking other funding and the CDC will fund this project when the additional monies are awarded.

La Brea Apartments - $3.5 million

On October 18, 2010, the CDC approved a loan with the West Hollywood Community Housing Corporation (WHCHC) for the acquisition and predevelopment of an affordable housing mixed-use development at 1145-1151 La Brea Avenue. The project will have approximately 32 units. While WHCHC will seek additional funding for the project, it is anticipated that the CDC will need to contribute another $3.5 million to make the project feasible.

Affordable Housing Project - $4 million
Affordable Housing Acquisition and Rehabilitation - $4 million

The Redevelopment Plan and the Five-Year Implementation Plan have as their top goals the creation and preservation of affordable housing. The track record of the CDC shows that it has produced a significant number of affordable housing units. However, the need far outweighs the supply. Our last project – Sierra Bonita Apartments, created a waiting list of 2,000 people for a 42-unit project that

served households with special needs. These two proposed projects will provide funding for the creation of new affordable housing and the acquisition and rehabilitation of one or more existing buildings for rehabilitation for covenanted affordable housing.

West Hollywood Community Housing Corporation – Disabled Access, Maintenance and Rehabilitation - $2 million

West Hollywood Community Housing Corporation (WHCHC) has a portfolio of 334 affordable housing units in West Hollywood approximately half of which are located in the Project Area. Using CDBG funds, the City has undertaken a program of repair and upgrade of these buildings. However, this is an ongoing challenge. The building at 7214 Fountain for example, has an aging population and underground parking that is only accessible through a long flight of stairs. Tenants have difficulty leaving the building for basic needs such as doctor visits and shopping. Provision of handicapped access through ramps or elevators will greatly improve the lives of the tenants. These funds will provide for disabled access, maintenance and rehabilitation of these affordable housing projects.