ADMINISTRATIVE SERVICES DEPARTMENT

MEMORANDUM

DATE: June 4, 2012

TO: The City of Temple City Oversight Board

FROM: Tracey L. Hause, Administrative Services Director

SUBJECT: **DISCUSSION OF THE FORMER AGENCY'S STAFFING OBLIGATIONS, THE 1998 CITY LOAN AND THE 2005 TAX ALLOCATION REFUNDING BONDS**

RECOMMENDATION:

It is recommended that the Oversight Board ("Board") receive and file this report.

BACKGROUND:

On May 7, 2012, at the Special Meeting of the Board, information on the following items was requested from City staff:

1. Former Agency's Staffing Obligations
2. 1998 City Loan
3. 2005 Tax Allocation Refunding Bonds

ANALYSIS:

1. Former Agency's Staffing Obligations

Prior to dissolution of the Temple City Community Redevelopment Agency ("Agency"), the following staffing salary and benefit costs were paid by the Agency:

		Monthly Cost
City Manager	10%	$2,080
Economic Development Manager	50%	$5,525
Community Development Director	15%	$1,718

City Clerk	10%	$1,208
Administrative Services Director	10%	$1,384

2. 1998 City Loan

The loan from the City to the Agency was primarily for the acquisition and development of 4 parcels in the commercial development located at the intersection of Las Tunas Drive and Rosemead Boulevard. The analysis (Attachment "A") provides the loan activity and the details of the how proceeds from the loan were spent.

3. 2005 Tax Allocation Refunding Bonds

A copy of the Official Statement is provided as Attachment "B". Bond proceeds were targeted for the former Rosemead Boulevard Project Area.

ATTACHMENTS:

A. Advances to CRA from the City of Temple City
B. 2005 Tax Allocation Refunding Bonds – Official Statement

Attachment "A"

C R A
DUE TO CITY - PRINCIPAL & INTEREST
96-2291 / 2292
1/31/12

		96-2291 Principal				96-2292 Interest					
Date	Description	Amount	Payment		Balance	Amount	Accrued Loan Interest		Payment		Balance
8/29/89	Purchase of 5826 Reno	225,000	0		225,000		111,552	FY96-97	(53,807)	12/93	57,745
			(42,255)	6/97	182,745				(57,745)	6/97	0
			(78,071)	6/98	104,674		21,929	FY97-98	(21,929)	6/98	0
			(104,674)	10/98	0						
10/6/98	Consolidated Loans	2,681,191	(100,000)	6/99	2,581,191	1,969,353	187,683	FY98-99	(150,000)	6/99	2,007,036
			(120,000)	6/00	2,461,191		180,683	FY99-00	(180,000)	6/00	2,007,719
			(80,000)	6/01	2,381,191		172,285	FY00-01	(120,000)	6/01	2,060,004
			(80,000)	6/02	2,301,191		166,683	FY01-02	(120,000)	6/02	2,106,687
			(120,000)	6/03	2,181,191		161,083	FY02-03	(180,000)	6/03	2,087,770
			(40,000)	6/04	2,141,191		152,683	FY03-04	(60,000)	6/04	2,180,453
			(40,000)	5/05	2,101,191		149,883	FY04-05	(60,000)	5/05	2,270,336
			(80,000)	6/06	2,021,191		147,083	FY05-06	(120,000)	6/06	2,297,419
			(80,000)	6/07	1,941,191		141,483	FY 06-07	(120,000)	6/07	2,318,902
			(14,212)	6/08	1,926,979		135,883	FY 07-08	(21,318)	6/08	2,433,467
			(100,000)	6/09	1,826,979		134,889	FY 08-09	(150,000)	6/09	2,418,356
			(120,000)	6/10	1,706,979		127,889	FY09-10	(180,000)	6/10	2,366,245
			(120,000)	6/11	1,586,979		119,489	FY10-11	(180,000)	6/11	2,305,734
			(120,000)	1/12	1,466,979		111,089	FY11-12	(180,000)	1/12	2,236,823
1/7/03	Loan to CRA for financial participation for tenant improvements	115,824	(115,824)	6/08	0		8,108	FY02-03			8,108
							8,108	FY03-04			16,216
							8,108	FY04-05			24,324
							8,108	FY05-06			32,432
							8,108	FY 06-07			40,540
							8,108	FY 07-08	(48,646)	6/08	0
12/1/04	Loan to CRA for deposit - compliant in eminent domain / just compensation for Edwards/Hawkins Property	5,539,000	0		5,539,000		71,892	FY04-05			71,892
			(5,539,000)	11/05	0		62,775	FY05-06	(134,667)	06/06	0
	TOTALS	8,561,015	(7,094,036)		1,466,979	1,969,353	2,405,584		(2,138,112)		2,236,825

MEMO ONLY (To be paid off no later than June 15, 2017)

			Paid to City		Balance
8/29/89	Purchase of 5826 Reno	225,000	(225,000)		0
	Consolidated Loans				
10/17/89	Cash Advance Due to City	100,000	(100,000)	6/99	0
1/02/90	Loan from City to place on deposit with LA County the balance of the appraised value of four parcels in Block A.	700,000	(120,000)	6/00	580,000
			(80,000)	6/01	500,000
			(80,000)	6/02	420,000
			(120,000)	6/03	300,000
			(40,000)	6/04	260,000
			(40,000)	6/05	220,000
			(80,000)	6/06	140,000
			(80,000)	6/07	60,000
			(14,212)	6/08	45,788
			(45,788)	6/09	0
7/11/90	Purchase of 8924 Hermosa	355,000	(54,212)	6/09	300,788
			(120,000)	6/10	180,788
			(120,000)	6/11	60,788
			(60,788)	1/12	0
11/06/90	Advance to CRA - Demo Block A	50,000	(50,000)	1/12	0
12/18/90	Advance to CRA (CK#14616) ($573,100 was advanced, $372,300 was reimbursed, balance of $200,800 was $16,800 for relocation and $184,000 for additional interest cost)	200,800	(9,212)	1/12	191,588
10/28/93	Cash advance due to City. ($560,000 was advanced, $296,732 was reimbursed on 12/31/83).	263,268			263,268
1/31/96	City Loan To CRA (CK #24615) ($1,825,000 was advanced for Bank of America Settlement, $812,877 was reimbursed on 4/4/95- $170,465 of funds on deposit with LA County and $642,412 of CDBG funds set aside for acquisition settlements).	1,012,123			1,012,123
	Total of Consolidated Loans	2,681,191	(1,214,212)		1,466,979
1/7/03	City Loan To CRA (Ck #9094) (CRA's financial participation agreement with CALAC Investments for tenant improvements)	115,824	(115,824)	6/08	0
12/1/04	City Loan To CRA (Ck #14855) (For deposit - compliant in eminent domain / just compensation for Edwards/Hawkins Property, 9021 Las Tunas Drive)	5,539,000	(5,539,000)	11/05	0
		8,561,015	(7,094,036)		1,466,979

NEW ISSUE—FULL BOOK-ENTRY **NOT RATED**

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with the covenants of the Temple City Community Redevelopment Agency (the "Agency") intended to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds, interest (and original issue discount) on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, such interest (and original issue discount) is also exempt from present State of California personal income taxes. See "CONCLUDING INFORMATION—Tax Exemption" herein for a discussion of the effect of certain provisions of the Code on Owners of the Bonds.

$8,000,000
TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY
ROSEMEAD BOULEVARD REDEVELOPMENT PROJECT
TAX ALLOCATION REFUNDING BONDS
ISSUE OF 2005

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

The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. The principal of, premium if any, and semiannual interest (due March 1 and September 1 of each year, commencing March 1, 2006) on the Bonds will be payable by The Bank of New York Trust Company, N.A., as Trustee, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds (see "THE BONDS—Book-Entry System" herein).

The Bonds are subject to optional redemption prior to maturity as described herein.

The Term Bonds maturing on September 1, 2025 are subject to mandatory redemption from minimum sinking account payments, in part by lot, on September 1, 2022 and on each September 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

MATURITY SCHEDULE
Base CUSIP NO.†: 879808

Maturity Date September 1	*Principal Amount*	*Interest Rate*	*Yield*	*CUSIP*	*Maturity Date September 1*	*Principal Amount*	*Interest Rate*	*Yield*	*CUSIP*
2006	$ 240,000.00	3.000%	3.000%	AA 1	2014	$ 360,000.00	4.300%	4.400%	AJ 2
2007	280,000.00	3.000	3.150	AB 9	2015	375,000.00	4.400	4.500	AK 9
2008	285,000.00	3.350	3.500	AC 7	2016	395,000.00	4.500	4.600	AL 7
2009	295,000.00	3.550	3.700	AD 5	2017	410,000.00	4.600	4.700	AM 5
2010	305,000.00	3.750	3.850	AE 3	2018	430,000.00	4.650	4.750	AN 3
2011	215,000.00	3.950	4.050	AF 0	2019	450,000.00	4.700	4.800	AP 8
2011	100,000.00	4.050	4.050	AT 0	2020	470,000.00	4.700	4.850	AQ 6
2012	330,000.00	5.000	4.200	AG 8	2021	495,000.00	4.800	4.900	AR 4
2013	345,000.00	4.200	4.300	AH 6					

$2,220,000 – 4.875% Term Bonds due September 1, 2025 Yield – 5.020% CUSIP No. 879808 AS 2

The Bonds are being issued to refund on a current basis the $4,645,000 Temple City Financing Authority, 1993 Revenue Bonds (Rosemead Boulevard Redevelopment Project) (the "Refunded Bonds"), currently outstanding in the amount of $3,600,000, to provide the Agency with funds for lawful redevelopment activities, to fund a debt service reserve fund and to pay costs of issuance. The Bonds are payable from and secured by the Pledged Tax Revenues as defined herein to be derived from the Project Area. Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll (1971-72 for the Project Area) which are allocated and paid to the Agency, shall be deposited in the Special Fund and administered by the Trustee for the payment of the principal of and interest on the Bonds.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain Risk Factors more fully described herein.

The Bonds are not a debt of the City of Temple City, the State of California or any of its political subdivisions and neither said City, said State or any of its political subdivisions is liable therefor. The principal of and interest on the Bonds are payable solely from the Pledged Tax Revenues allocated to the Agency from the Project Area as defined herein and in the Indenture.

The Bonds are being issued for sale to the Temple City Financing Authority (the "Authority"). The Authority will resell the Bonds to the Underwriter.

The Bonds are offered, when, as and if issued, subject to the approval of Harper & Burns, LLP, Orange, California, Bond Counsel. Certain legal matters will be passed on for the Agency by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Disclosure Counsel. It is anticipated that the Bonds will be available for delivery in book-entry form to DTC in New York, New York on or about September 15, 2005.

Dated: September 7, 2005.

KINSELL, NEWCOMB DE DIOS, INC.
INVESTMENT BANKING

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TEMPLE CITY FINANCING AUTHORITY
CITY OF TEMPLE CITY
TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY
CITY COUNCIL, AGENCY AND AUTHORITY

Dan Arrighi, *Mayor and Chair*
David J. Capra, *Vice Mayor and Vice Chair*
Ken Gillanders, *Council Member and Agency Member*
Cathé Wilson, *Council Member and Agency Member*
Judy S. Wong, *Council Member and Agency Member*

CITY, AGENCY OFFICIALS

Charles R. Martin, *Interim City Manager / Interim Executive Director*
Monica Molina, *Financial Services Manager / Deputy City/Agency Treasurer*
Chuck Ericson, *Public Services Manager*
Robert Dawson, *Community Development Director*
Mary R. Flandrick, *City Clerk*

CITY ATTORNEY, AGENCY AND AUTHORITY COUNSEL
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BOND COUNSEL
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Newport Beach, California

UNDERWRITER
Kinsell Newcomb & De Dios
San Diego, California

FINANCIAL ADVISOR
Urban Futures, Inc.
Orange, California

TRUSTEE AND ESCROW BANK
The Bank of New York Trust Company, N.A.
Los Angeles, California

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, the Preliminary Official Statement and the Official Statement, as of their respective dates, are deemed final by the Agency, provided, however, that pricing, underwriting and other information contained in the Preliminary Official Statement is subject to completion or amendment in accordance with Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Agency. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of the Agency or the Project Area since the date hereof.

The information set forth herein has been obtained from official and other sources and the Agency and the Underwriter have a reasonable basis for believing that the information set forth is accurate. The information and expressions of opinion stated herein are subject to change without notice. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of the City, the Agency, the Authority, or the major participants in the Project Area. All summaries of the Bonds, the resolution authorizing their issuance, the Indenture and the other documents discussed herein are made subject to the provisions of such documents and do not purport to be complete statements of any or all of the provisions thereof. Reference is hereby made to the Bonds, said resolution, the Indenture and such other documents on file with the Secretary of the Agency for further information.

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the front cover hereof and said public offering prices may be changed from time to time by the Underwriter.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The Bonds have not been registered or qualified under the securities laws of any state. These securities have not been approved or disapproved by the Securities and Exchange Commission or any State Securities Commission nor has the Securities Exchange Commission or any State Securities Commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

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OFFICIAL STATEMENT

$8,000,000
TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY
ROSEMEAD BOULEVARD REDEVELOPMENT PROJECT
TAX ALLOCATION REFUNDING BONDS
ISSUE OF 2005

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Temple City Community Redevelopment Agency (the "Agency") of $8,000,000 aggregate principal amount of the Agency's Rosemead Boulevard Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 2005 (the "Bonds"). The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including the Community Redevelopment Law (Part 1, Division 24, commencing with Section 33000 of the Health and Safety Code of the State) (the "Law") and an Indenture of Trust, dated September 1, 2005 (the "Indenture") between the Agency and The Bank of New York Trust Company, N.A., Los Angeles, California, as trustee (the "Trustee") approved by a resolution adopted by the Agency on July 19, 2005 (the "Resolution").

The Bonds will be sold to the Temple City Financing Authority (the "Authority") pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6484) of the California Government Code (the "JPA Law"). The Bonds purchased by the Authority will be resold immediately to Kinsell Newcomb & De Dios (the "Underwriter").

The City of Temple City (the "City") is located in Los Angeles County (the "County"). The City was incorporated in 1960 and operates as a charter city. It 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 — GENERAL INFORMATION CONCERNING THE CITY AND ITS ECONOMY."

Pursuant to the Redevelopment Law, the City activated the Agency in 1971. The five members of the City Council also serve as members of the Agency and exercise all rights, powers, duties and privileges of the Agency. See "THE TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY" herein.

The Redevelopment Plan (the "Plan") for the Rosemead Boulevard Redevelopment Project was approved by City Ordinance No. 72-350 on May 16, 1972, and was amended to include certain time and fiscal limitations by Ordinance No. 86-598 on December 16, 1986. Such time and fiscal limitations were subsequently amended by Ordinance No. 93-758U on December 21, 1993, by Ordinance No. 94-771 on December 6, 1994, by Ordinance No. 99-833 on March 16, 1999, by Ordinance No. 04-892 on January 20, 2004, and by Ordinance No. 05-900 on August 2, 2005. The Rosemead Boulevard Project Area consists of approximately 80 acres or approximately 2.5% of the area of the City. The total assessed valuation of taxable property in the Rosemead Boulevard Project Area in fiscal year 2005-06 is approximately $78 million greater than the adjusted assessed valuation in the Base Year. See "THE ROSEMEAD BOULEVARD REDEVELOPMENT PROJECT AREA" herein.

The Temple City Financing Authority (the "Authority") was formed pursuant to a Joint Exercise of Powers Agreement dated November 30, 1993, by and between the City and the Agency. See "THE TEMPLE CITY FINANCING AUTHORITY" herein. The Authority was created for the purpose of providing financing for public capital improvements for the City and the Agency through the acquisition by the Authority of such public capital improvements and/or the purchase by the Authority of local obligations within the meaning of the Act. Under the Act, the Authority has the power to issue bonds to pay the cost of any public capital improvement.

The Law authorizes the financing of redevelopment projects through the use of tax increment revenues. This method provides that the taxable valuation of the property within a project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the "base year" valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter receive that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency is allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency may be pledged to the payment of agency obligations. Generally, tax increment revenues from one project area may not be used to repay indebtedness incurred for another project area. Redevelopment agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See "RISK FACTORS."

The Bonds are being issued to (1) current refund the Refunded Bonds; (2) provide the Agency with $3,718,406.48 for lawful redevelopment activities; (3) fund a debt service reserve fund: and (4) pay costs of issuance and are secured by a pledge of the Pledged Tax Revenues (described herein under the section entitled "SECURITY FOR THE BONDS").

Brief descriptions of the Bonds, the Indenture, the Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Resolution, the Indenture, the Law, the Constitution and the laws of the State as well as the proceedings of the Agency and the City are qualified in their entirety by reference to such documents. References herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Agency. During the period of the offering of the Bonds, copies of the forms of all documents are available at the offices of Kinsell Newcomb & De Dios, 462 Stevens Avenue, Suite 308, Solana Beach, California 92075 and thereafter from the City Clerk's office, City of Temple City, 9701 Las Tunas Drive, Temple City, California 91780-2249.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds is summarized as follows:

Sources	
Principal Amount of Bonds	$ 8,000,000.00
Refunded Bonds Special Fund and Accounts	346,397.95
Total Sources	$ 8,346,397.95
Uses	
Underwriter's Discount	$ 180,000.00
Original Issue Discount	67,320.35
Reserve Account [1]	627,225.00
Costs of Issuance Account	140,500.00
Refunded Bonds Escrow Fund [2]	3,612,946.12
Capital Improvement Fund [3]	2,974,725.18
Housing Fund	743,681.30
Total Uses	$ 8,346,397.95

(1) An amount which when added to the Reserve Account for the 2001 Bonds, will be equal to the Reserve Requirement.

(2) An amount sufficient to provide for the payment of the principal, premium and interest on the Refunded Bonds in full up to and including September 21, 2005.

(3) The moneys deposited in the Capital Improvement Fund and Housing Fund will be transferred to the Agency to be used for any lawful purpose.

THE BONDS

Authority for Issuance

The Bonds were authorized for issuance pursuant to the Indenture approved by the Resolution. The Bonds will be issued in an aggregate principal amount of Eight Million Dollars ($8,000,000) and will be designated the Temple City Redevelopment Agency Rosemead Redevelopment Project Tax Allocation Refunding Bonds, Issue of 2005. The Bonds shall be issued in the form of fully registered Bonds in denominations of $5,000 each or any whole multiple thereof. The Bonds shall be initially dated as of the Delivery Date and will be lettered and numbered in the manner determined by the Trustee. The Bonds shall be authenticated on the date of authentication thereof by the Trustee. The Bonds shall mature on September 1 of the years and in the amounts and shall bear interest at the rates shown on the cover hereof.

Description of the Bonds

The Bonds will be issued as one fully registered Bond for each 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 "Book-Entry System" below. The initially issued Bonds will be dated the Delivery Date and mature on March 1 in the years and in the amounts shown on the cover page of this Official Statement. The Bonds will bear interest at the rates shown on the cover page of this Official Statement, payable semiannually on March 1 and September 1 (each an "Interest Payment Date") in each year, commencing on March 1, 2005, by check mailed to the registered owners thereof or upon the request of the Owners of $1,000,000 or more in principal amount of Bonds, by wire transfer to an account in the United States which shall be designated by such Owner to the Trustee on or before the Regular Record Date preceding the Interest Payment Date.

Book-Entry System

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY FORM HAS BEEN OBTAINED FROM SOURCES THAT THE AGENCY BELIEVES TO BE RELIABLE, BUT THE AGENCY TAKES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS THEREOF. THE BENEFICIAL OWNERS (AS HEREINAFTER DEFINED) SHOULD CONFIRM THE FOLLOWING INFORMATION WITH DTC OR THE DTC PARTICIPANTS.

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

DTC, the world's largest 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, (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.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on payment 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 Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct

Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City and Agency believe to be reliable, but the City and Agency take no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only Form; Payment to Beneficial Owners

In the event that the book-entry form described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

The principal of the Bonds and any premium upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee. Interest on the Bonds will be paid by the Trustee by check mailed to the person whose name appears on the registration books of the Trustee as the registered owner, and to that person's address appearing on the registration books as of the close of business on the 15th day of the month next preceding an interest payment date.

Any bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the principal corporate trust office of the Trustee, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Trustee. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at the principal corporate trust office of the Trustee together with an assignment executed by the registered owner or by a person legally empowered to do in a form satisfactory to the Trustee. Upon exchange or transfer, the Trustee shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the Agency nor the Trustee will be required to issue or transfer any Bond during a period beginning with the opening of business on the 15th day of the month next preceding any interest payment date and ending with the close of business on that interest payment date.

Redemption and Purchase of Bonds

Optional Redemption. The Bonds maturing on or before September 1, 2015 are not subject to redemption prior to their stated maturities. The Bonds maturing after September 1, 2015 are subject to redemption at the option of the Agency, in whole or in part, in the manner determined by the Agency, and by lot within any maturity from the proceeds of refunding bonds or other available funds, on September 1, 2015 or on any date thereafter prior to maturity. Bonds called for redemption will be redeemed on a redemption date and at a redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus accrued interest to the redemption date as follows:

Redemption Date	***Redemption Price***
September 1, 2015 and thereafter	100%

Sinking Account Redemption. The Term Bonds maturing on September 1, 2025 will be subject to mandatory redemption, on September 1, 2022 and each September 1 thereafter at a redemption price equal to the principal amount thereof together with accrued interest thereon to the redemption date, without premium, from minimum sinking account payments made by the Agency in the years and amounts as follows:

Year	*Amount*
2022	$ 515,000
2023	540,000
2024	570,000
2025	595,000

Notice of Redemption. As provided in the Indenture, notice of redemption will be given by first class mail, postage prepaid not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to the registered owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice or any defect in the notice so mailed will affect the sufficiency of the proceedings for redemption or the cessation of interest on the redemption date.

Purchase of Bonds

In lieu of redemption or otherwise, the Agency is authorized to purchase Bonds on the open market at any time and the Trustee will, upon written direction of the Agency, settle these purchases from moneys deposited by the Agency with the Trustee at a price not to exceed the principal amount of Bonds plus the applicable premium and accrued interest, if any, to the date of purchase plus brokerage fees, if any.

SECURITY FOR THE BONDS

As provided in the Redevelopment Plan, pursuant to Article 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State of California, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective date of the ordinance approving Amendment No. 1 of the Redevelopment Plan (being Ordinance No. 72-305 of the City of Temple City, which became effective on May 16, 1972), will be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to May 16, 1972 (being the effective date of Ordinance No. 72-305, referred to above) shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amounts shall be allocated to and when collected shall be paid to the Agency. This portion of the levied taxes and (to the extent permitted by law) all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations are herein referred to as "Tax Revenues."

(c) The Pledged Tax Revenues consist of Tax Revenues.

The Bonds are payable from and are specifically secured by an irrevocable pledge of the Pledged Tax Revenues derived from the Project Area, and interest earnings on funds held on deposit in trust for the Bondowners by the Trustee. The Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Pledged Tax Revenues available in any year to pay the principal of and interest on the Bonds. (See "RISK FACTORS" herein.)

The Bonds are not a debt of the City of Temple City, the State of California or any of its political subdivisions, and neither said City, said State or any of its political subdivisions is liable therefor. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

THE INDENTURE

The following is a summary of certain provisions of the Indenture and does not purport to be complete. Reference is hereby made to the Indenture and to Appendix A for the definition of certain terms used herein. Copies of the Indenture are available from the Agency upon request. All capitalized terms used herein and not otherwise defined shall have the same meaning as used in the Indenture.

Allocation of Bond Proceeds

The Indenture provides for the continuation with the Treasurer of the Agency of special trust funds called the "Rosemead Boulevard Redevelopment Project Capital Improvement Fund" (the "Capital Improvement Fund").

The Indenture provides for the continuation with the Trustee of a special trust fund called the "Rosemead Boulevard Redevelopment Project Special Fund" (the "Special Fund"), with special trust accounts therein known as the "Interest Account", the "Principal Account", the "Reserve Account" and the "Surplus Account," a special trust fund called the "Costs of Issuance Fund," and a special trust fund called the "Excess Investment Earnings Fund."

The Refunded Bonds Escrow Agreement provides for the creation with the Escrow Bank, of a special trust fund called the "Rosemead Boulevard Redevelopment Project, Refunded Bonds Escrow Fund" (the "Refunded Bonds Escrow Fund"). Upon the delivery of the Bonds to the purchasers thereof, there shall be deposited with the Refunded Bonds Escrow Bank a portion of the balance remaining in the Rosemead Boulevard Redevelopment Project, Special Fund created pursuant to the Refunded Bonds Indenture including any accounts therein as set forth in a Certificate of the Agency. Such amount will be deposited in the Refunded Bonds Escrow Fund and applied as provided in the Refunded Bonds Escrow Agreement.

Upon the delivery of the Bonds to the purchasers thereof, the Trustee, on behalf of the Agency shall receive the proceeds from the sale of the Bonds, deposit such proceeds in the Special Fund and dispose of the proceeds and moneys so deposited as follows:

(1) Deposit in the Reserve Account an amount sufficient to bring the balance in the Reserve Account to the Reserve Requirement, initially $627,225;

(2) Deposit in the Costs of Issuance Fund an amount set forth in a Certificate of the Agency to pay Costs of Issuance;

(3) Transfer to the Refunded Bonds Escrow Bank for deposit in the Refunded Bonds Escrow Fund an amount set forth in a Certificate of the Agency which will be sufficient, together with moneys transferred thereto from the Refunded Bonds Trustee, and interest thereon, to pay the principal, premium and interest on the Refunded Bonds through September 21, 2005;

(4) After making the above deposits, the balance of the proceeds from the sale of the Bonds shall be deposited in the Capital Improvement Fund. A portion of such proceeds in the amount of $743,681.30 will be transferred to the Agency and deposited in the Housing Fund.

Pledged Tax Revenues – Application

Pledged Tax Revenues will be deposited by the Trustee in the Special Fund. The principal of and interest on the Outstanding Bonds through maturity will be paid by the Trustee from the Special Fund.

Without limiting the generality of the foregoing and for the purpose of assuring that the payments referred to above will be made as scheduled, the Pledged Tax Revenues accumulated in the Special Fund will be used in the following priority; provided, however, to the extent that deposits have been made in any of the Accounts referred to below from the proceeds of the sale of the Bonds or otherwise, the deposits below need not be made:

(1) *Interest Account.* Deposits will be made into the Interest Account so that the balance in the Interest Account four (4) Business Days prior to the next Interest Payment Date will be equal to the Reserve Requirement. Moneys in the Interest Account will be used solely for the payment of interest on the Outstanding Bonds as interest becomes due.

(2) *Principal Account.* Not later than four (4) Business Days before September 1 of each year commencing in 2006, the Trustee shall withdraw from the Special Fund and deposit in the Principal Account an amount which, when added to the amount deposited in the Principal Account from proceeds of any refunding bonds or notes on or prior to that date, will be equal to the principal becoming due and payable on the Outstanding Bonds on March 1 of each year, including principal payable by reason of any mandatory sinking fund installments pursuant to the Indenture. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal to become due on the next succeeding September 1, upon all of the Bonds issued and then Outstanding. All moneys deposited in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Bonds as it shall become due and payable.

(3) *Reserve Account.* After deposits have been made pursuant to (1) and (2) above, deposits will be made to the Reserve Account, if necessary, in order to cause the amount on deposit therein to equal the Reserve Requirement. Moneys in the Reserve Account will be transferred to the Interest Account and then to the Principal Account to pay principal and interest on the Outstanding Bonds to the extent Pledged Tax Revenues are insufficient therefor. Any portion of the Reserve Account which is in excess of the Reserve Requirement will be transferred to the Interest Account on or before six (6) Business Days prior to each Interest Payment Date.

Anything to the contrary herein notwithstanding, the Agency may at any time substitute an Alternate Reserve Account Security, and upon such substitution, the Agency shall be entitled to receive all moneys then held in the Reserve Account free and clear of the lien of the Indenture. In the event the Agency delivers an Alternate Reserve Account Security, the Trustee shall hold and apply such instrument pursuant to the Indenture so as to have moneys available thereunder for the purposes and at the times required under the Indenture. The Trustee shall deliver a demand for payment under the Alternate Reserve Account Security not less than three days prior to the date upon which moneys are required under the Indenture. The Trustee shall apply all cash amounts in the Reserve Account to the purposes provided in the Indenture prior to making any demand for payment under the Alternate Reserve Account Security. The Trustee shall maintain adequate records as to the amount available to be drawn at any given time under the Alternate Reserve Account Security.

In the event the Agency delivers a Alternate Reserve Account Security, the Trustee shall hold and apply such instrument pursuant to the Indenture so as to have moneys required under the Indenture.

(4) *Surplus Account.* It is the intent of the Indenture: (i) that the deposits in (1) and (2) above to the Interest Account and the Principal Account, respectively, will be made as scheduled, and that all payments to the Excess Investment Earnings Fund shall be made as scheduled, and (ii) that the deposits in (3) above to the Reserve Account will be made as necessary to maintain a balance equal to the Reserve Requirement if, and only if, the Pledged Tax Revenues are sufficient therefor. Should it be necessary to defer all or part of any deposits referred to in (3) above, such deferred deposits will be cumulative and will be made when the Pledged Tax Revenues are sufficient to make the deposits required by (1) and (2) and thereafter make the deposits required by (3). The Agency shall not be obligated to deposit in the Special Fund in any Bond Year an amount of Pledged Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to the Indenture. In the event that for any reason whatsoever any amounts shall remain on deposit in the Special Fund on any March 1 after making all of the transfers theretofore required to be made pursuant to the preceding clauses (1) through (3), the Agency may withdraw such amounts from the Special Fund, to be used for any lawful purpose pursuant to the Pass-Through Agreement. If annually, on March 1, the above transfers have been made so that the required amounts as of that time are in the Interest Account, the Principal Account and the Reserve Account and the required transfer has been made to the Excess Investment Earnings Fund as defined in the Indenture, any surplus balances in the Special Fund shall be deposited in the Surplus Account by the Trustee and shall be transferred upon written direction of the Agency to the Agency and may be used and applied by the Agency pursuant to the Pass-Through Agreement including, without limitation, the purchase and/or call and redemption of the Bonds and any Additional Bonds.

The Indenture also creates an Excess Investment Earnings Fund for the purpose of collecting the amounts required, if any, to be rebated to the United States in accordance with the requirements of Section 148(f) of the Code. Section 148 of the Code requires, among other things and with certain exceptions, that any amounts earned on nonpurpose investments in excess of the amount which would have been earned if such investments were made at a rate equal to the yield on the Bonds be rebated to the United States. The Indenture requires the Agency to calculate such amount and deposit it into the Excess Investment Earnings Fund for eventual rebate to the United States Treasury.

Investment of Moneys in Funds and Accounts

Moneys in the Capital Improvement Fund, Special Fund and the Accounts therein (other than the Reserve Account) and the Redemption Fund shall be invested and reinvested by the Agency (as to the Capital Improvement Fund) or the Trustee (as to the other Funds and Accounts) in Permitted Investments, provided that such investments mature by their terms prior to the date on which such moneys are required to be paid out thereunder. Such investments shall be made in specific investments meeting the requirements of this paragraph as directed in writing by the Executive Director or Finance Director of the City (such written request to be received by 12:00 noon two (2) days prior to such investment) or, in the absence of such written direction, by the Trustee in Permitted Investments described in part (v) of the definition thereof. The Trustee shall be protected from any liability in acting in accordance with this section or the Agency's direction. Moneys in the Capital Improvement Fund shall be invested by the Treasurer in any legal investments for Agency funds. Moneys in the Reserve Account shall be invested by the Trustee solely in Permitted Investments which may be withdrawn without penalty at such time as such moneys will be needed. Moneys in the Excess Investment Earnings Fund shall be invested in Government Obligations which mature before the date such amounts are required to be paid to the United States. Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee shall be deemed to be part of such Fund or Account. Any or all interest or gain received from such investments of moneys in the Special Fund and the Accounts therein shall be deposited by the Trustee in the Special Fund and respective Accounts therein and any loss incurred in connection with such investments shall be debited against the Fund or Account from which the investment was made.

Issuance of Additional Bonds

If at any time the Agency determines it needs to do so, the Agency may provide for the issuance of, and sell, Additional Bonds in such principal amount as it estimates will be needed. The issuance and sale of any Additional Bonds will be subject to the following conditions precedent:

(a) the Agency must be in compliance with all covenants set forth in the Indenture;

(b) the Additional Bonds will be on such terms and conditions as may be set forth in a supplemental resolution or indenture, which will provide for (i) bonds substantially in accordance with the Indenture, (ii) the deposit of moneys into the Reserve Account in an amount (which may be represented by an Alternate Reserve Account Security pursuant to the Indenture) sufficient, together with the balance of the Reserve Account, to equal the Reserve Requirement on all Bonds expected to be outstanding including the Outstanding Bonds, and (iii) the disposition of surplus Pledged Tax Revenues in substantially the same manner as set forth in the Indenture;

(c) receipt of a certificate or opinion of an Independent Financial Consultant showing:

(i) for the current and each future Bond Year the debt service for each such Bond Year with respect to all Bonds and Additional Bonds reasonably expected to be outstanding following the issuance of the Additional Bonds;

(ii) for the most recent Fiscal Year of collection, the Pledged Tax Revenues received by the Agency, based on the most recent assessed valuation of property in the Project Area, as evidenced in written documentation from an appropriate official of the County, plus, at the option of the Agency, the Additional Allowance. "Additional Allowance" is defined as the amount of Pledged Tax Revenues which, as shown in the report of an Independent Redevelopment Consultant, are estimated to be receivable by the Agency in the next succeeding Fiscal Year as a result of increases in the assessed valuation in the next succeeding Fiscal Year as a result of increases in the assessed valuation of taxable property in the Project Area due to either (i) construction which has been completed but has not yet been reflected on the tax roll, or (ii) tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the Project Area in the next succeeding Fiscal Year is estimated to exceed the assessed valuation of taxable property in the Project Area (as reported by the County Auditor-Controller) in the Fiscal Year in which such calculation is made; and

(iii) that the Pledged Tax Revenues referred to in (ii) above are at least equal to 1.25 times Maximum Annual Debt Service on all Bonds and Additional Bonds to be Outstanding following the issuance of the Additional Bonds (excluding debt service with respect to any portion of the Additional Bonds deposited in an escrowed proceeds account);

(d) the Additional Bonds shall mature on and interest shall be payable on the same dates as the Bonds (except the first interest payment may be from the date of the Additional Bonds until the next succeeding March 1 or September 1);

(e) the issuance of Additional Bonds will not cause the Agency to exceed the Plan Limit with respect to the Pledged Tax Revenues;

(g) any certifications requiring computations establishing that debt service coverage is sufficient to authorize to support the issuance of Additional Bonds or that requisite debt service savings are available to support the issuance of refunding bonds shall, in all cases, be evidenced by a certificate of an independent financial advisor or an independent consulting engineer;

(h) no additional bonds, notes certificates, contracts or any other obligations payable from Pledged Tax Revenues shall be issued by the Agency unless no Event of Default shall have occurred and be continuing with respect to the Bonds; and

(i) any indebtedness evidenced by any subordinated debt and any renewals or extensions thereof to any and all indebtedness of the Issuer under the Indenture or the Bonds (herein called "Superior Indebtedness") shall be paid prior to any Superior Indebtedness in any fiscal year of the Agency.

If all or a portion of the proceeds of the Additional Bonds or the Bonds are to be applied under Sections 33334.2 and 33334.6 of the Law, Pledged Tax Revenues for purposes of the Indenture shall include that portion of taxes allocated under Section 33670 of the Law for payment of the Bonds or the Additional Bonds which are applied for the purposes of Section 33334.2 and specifically pledged to the repayment of such Additional Bonds, to the maximum extent permitted by the Law.

Notwithstanding the foregoing, if the Agency is in compliance with all covenants set forth in the Indenture, the Agency may issue and sell obligations pursuant to the Law, having a lien on the Pledged Tax Revenues which is junior to the Bonds.

Covenants of the Agency

As long as the Bonds are Outstanding and unpaid, the Agency will (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or in any Bond issued under the Indenture, including the following covenants and agreements for the benefit of the Bondowners which are necessary, convenient and desirable to secure the Bonds and will tend to make them more marketable; provided, however, that the covenants do not require the Agency to expend any funds other than the Pledged Tax Revenues:

Covenant 1. *Complete Redevelopment Project; Amendment to Redevelopment Plan.* The Agency covenants and agrees that it will diligently carry out and continue to completion in a sound and economical manner, with all practicable dispatch, the Redevelopment Project in accordance with its duty to do so under and in accordance with the Law and the Redevelopment Plan. The Redevelopment Plan may be amended as provided in the Law but no amendment will be made unless it will not substantially impair the security of the Bonds or the rights of the Bondowners, as shown by an Opinion of Counsel, based upon a certificate or opinion of an Independent Financial Consultant appointed by the Agency.

Covenant 2. *Use of Proceeds; Management and Operation of Properties.* The Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in the Indenture and that it will manage and operate all properties owned by it comprising any part of the Project Area in a sound and businesslike manner consistent with the Redevelopment Plan.

Covenant 3. *No Priority.* The Agency covenants and agrees that it will not encumber, pledge or place any charge or lien upon Pledged Tax Revenues prior to or superior to the lien of the Bonds and interest thereon. Except as permitted in the Indenture, it will not issue any obligations, payable as to principal or interest, from the Pledged Tax Revenues, which have any lien upon the Pledged Tax Revenues on a parity with the Bonds. Notwithstanding the foregoing, nothing in the Indenture will prevent the Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Pledged Tax Revenues, if such refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding all of the Outstanding Bonds or Additional Bonds, (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Pledged Tax Revenues which is junior to the Bonds, or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Pledged Tax Revenues. As used in the Indenture, "obligations" shall include, without limitation, bonds, notes, interim certificates, debentures or other obligations, loans, advances, or other forms of indebtedness incurred by the Agency.

Covenant 4. *Punctual Payment.* The Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds.

Covenant 5. *Payment of Taxes and Other Charges.* The Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all taxes and payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Agency or any of the properties then owned by it in the Project Area, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Pledged Tax Revenues or other legally available funds to pay the principal of and interest on the Bonds, all to the end that the priority and security of the Bonds will be preserved; provided, however, that nothing in this covenant will require the Agency to make any such payment so long as the Agency in good faith contests the validity of the payment.

Covenant 6. *Books and Accounts; Financial Statements.* The Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries will be made of all transactions relating to the Redevelopment Project and the Pledged Tax Revenues and other funds relating to the Redevelopment Project. The Agency will prepare within one hundred eighty (180) days after the close of each of its Fiscal Years a complete financial statement or statements for the year in reasonable detail covering the Pledged Tax Revenues and other funds, accompanied by an opinion of an Independent Certified Public Accountant appointed by the Agency, and will furnish a copy of the statement or statements to the Trustee and any rating agency which maintains a rating on the Bonds, and, upon written request, to any Bondowner. The Trustee shall have no duty to review the Agency's financial statements.

Covenant 7. *Eminent Domain Proceeds.* The Agency covenants and agrees that if all or any part of the Project Area should be taken, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, it will take all steps necessary to adjust accordingly the base year valuation of the Project Area.

Covenant 8. *Disposition of Property.* The Agency covenants and agrees that it will not dispose of more than ten percent (10%) of the land area in the Project Area (except property shown in the Redevelopment Plan in effect on the date the Indenture is adopted as planned for public use, or property to be used for public streets, public offstreet parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt, unless such disposition will not result in the security of the Bonds or the rights of Bondowners being substantially impaired, as shown by an Opinion of Counsel, based upon the certificate or opinion of an Independent Financial Consultant appointed by the Agency.

Covenant 9. *Protection of Security and Rights of Bondowners.* The Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondowners and to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Agency that (i) the Law is unconstitutional or (ii) that the Pledged Tax Revenues pledged under the Indenture cannot be paid to the Agency for the debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor. The Agency covenants and agrees to take no action which, in the Opinion of Counsel would result in: (a) the Pledged Tax Revenues being withheld unless the withholding is being contested in good faith; and (b) the interest received by the Bondowners becoming includable in gross income under federal income tax laws.

Covenant 10. *Federal Tax Covenants.* The Agency covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any department or agency thereof that the interest received by the Bondowners is includable in gross income of the recipient under federal income tax laws or the

date of issuance of the Bonds. In order to preserve the exclusion from gross income of interest on the Bonds, and for no other reason, the Agency covenants to comply with all applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), together with any amendments thereto or regulations promulgated thereunder necessary to preserve such tax exemption as more specifically provided in the Indenture.

Covenant 11. *Taxation of Leased Property*. Whenever any property in the Project Area has been redeveloped and thereafter is leased by the Agency to any person or persons (other than a public agency) or whenever the Agency leases real property in the Project Area to any person or persons (other than a public agency) for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property as required by Section 33673 of the Law, and the lease or contract shall provide (a) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of his or its leasehold interest, and (b) that if for any reason the taxes levied on the property in any year during the term of the lease or contract are less than the taxes which would have been levied if the entire property had been assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Agency within thirty (30) days after the taxes for the year become payable to the taxing agencies and in no event later than the delinquency date of such taxes established by law. All such payments shall be treated as Pledged Tax Revenues, and when received by the Agency shall be used as provided in the Indenture.

Covenant 12. *Single Sum Payments in Lieu of Taxes*. As an alternative to payment to the Agency pursuant to (b) of Covenant 11, the new owner or owners of property becoming exempt from taxation may elect to make payment to the Agency in a single sum equal to the amount estimated by an Independent Financial Consultant to be receivable by the Agency from taxes on said property from the date of said payment to the maturity date of the Bonds, less a reasonable discount value. All such single sum payments in lieu of taxes shall be treated as Pledged Tax Revenues and shall be transferred to the Trustee for deposit in the Special Fund.

Covenant 13. *Tax Revenues*. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Pledged Tax Revenues including, without limitation, the timely filing of any necessary statements of indebtedness with appropriate officials of Riverside County, and shall forward information copies of each such filing to the Trustee. The Agency further covenants and agrees that, except for the Pass-Through Agreement, it has not entered into any agreements with other tax entities as of the date of the Indenture for the pass-through of any Pledged Tax Revenues to such entities and will not enter into any such agreement which requires payment to such taxing entities prior to deposit of Pledged Tax Revenues in the Special Fund. The Agency has not and will not incur any loans, obligations or indebtedness repayable from Pledged Tax Revenues, or receive Pledged Tax Revenues in any other manner, such that the total aggregate debt service on said loans, obligations or indebtedness incurred from and after the date of adoption of the Redevelopment Plan and aggregate receipt of Pledged Tax Revenues, when added to the total aggregate debt service on the Bonds, will exceed the maximum amount of Tax Revenues to be divided and allocated to the Agency pursuant to the Redevelopment Plan.

Continuing Disclosure. The Agency will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the Agency to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Events of Default and Remedies

Each of the following shall constitute an Event of Default under the Indenture:

(1) If, on the date which is three (3) Business Days prior to any Interest Payment Date, the amount of moneys on deposit in the Special Fund and the Accounts therein or the Redemption Fund are

insufficient to pay in full the principal of, interest or redemption premium (if any) on the Bonds coming due and payable on such Interest Payment Date, whether at maturity as therein expressed, by acceleration or otherwise; or if default shall be made in the payment of principal, premium, if any, or interest on any Bond when due;

(2) Default made by the Agency in the observance of any of the covenants, agreements or conditions contained in the Indenture, or in the Bonds, where the default continues for a period of thirty (30) days following written notice to the Agency; or

(3) The Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or the State, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or the State, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

If an Event of Default has occurred as defined under subsection (1) or (3) above and is continuing, then and in each and every such case during the continuance of such Event of Default, unless the principal of the Bonds shall have already become due and payable, the Trustee shall declare the principal of the Bonds, together with the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding.

Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. The Trustee shall also give such notice to the Owners of the Bonds by first class mail, postage prepaid, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date of acceleration specified in such notice.

These provisions, however, are subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable because of an Event of Default under (1) above, 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 at the rate of twelve percent (12%) per annum on such overdue installments of principal and the reasonable fees and expenses of the Trustee (including attorney fees and expenses), 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 or provision 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, with written notice to the Agency and 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.

In each Event of Default described in (2) above, the Trustee (upon receipt of indemnification to so act), shall have the right, for the equal benefit and protection of all Bondowners similarly situated:

(1) by mandamus, suit, action or proceeding, to compel the Agency and its members, officers, agents or employees to perform each and every term, provision and covenant contained in the Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Agency and the fulfillment of all duties imposed upon it by the Law;

(2) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners' rights; or

(3) upon the happening of any event of default (as defined in the Indenture and summarized above), by suit, action or proceeding in any court of competent jurisdiction, to require the Agency and its members and employees to account as if it and they were trustees of an express trust.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an event of default as described above, the Trustee shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondowners or the Trustee for the benefit of the Bondowners under the Indenture, including, without limitation, acceleration of the maturity of the Bonds as described in the Indenture and the right to annul any declaration of acceleration shall also be entitled to approve all waivers of events of default.

Application of Funds Upon Acceleration

All of the amounts in the Special Fund and the Accounts therein upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee, shall be applied by the Trustee after deducting (1) its own fees and expenses (including fees and expenses of its attorneys) in declaring such Event of Default and in collecting such sums, and all outstanding fees and expenses of the Trustee, (2) the costs and expenses of the Bondowners, including reasonable compensation to its or their agents, attorneys and counsel, upon presentation of the Bonds (and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid) to the payment of the whole amount then owing and unpaid on the Bonds on the date on which amounts are applied to pay principal of the Outstanding Bonds, together with interest on the overdue principal and overdue installments of interest at the rate of twelve percent (12%) per annum (to the extent permitted by law and to the extent that such interest on overdue installments of principal and interest shall have been collected) and, in case such moneys will 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.

Amendments

The Indenture, and the rights and obligations of the Agency and of the Owners of the Bonds may be modified or amended at any time by Supplemental Indenture adopted by the Agency:

(a) without the consent of Bondowners, if the modification or amendment is for the purpose of adding covenants and agreements further to secure Bond payment, to prescribe further limitations and restrictions on Bond issuance, to surrender rights or privileges of the Agency, to make modifications not affecting any Outstanding series of Bonds only with the consent of the Trustee, for the purpose of curing any ambiguities, defects or inconsistent provisions in the Indenture or to insert provisions clarifying matters or questions arising under the Indenture, provided that the modifications or amendments do not adversely affect the rights of the Owners of any Outstanding Bonds; or

(b) for any purpose with the consent of the Owners of at least 60% in aggregate principal amount of the Outstanding Bonds (exclusive of Bonds owned by the Agency or the City) provided, however, that no modification or amendment will, without the express consent of the Bondowner or registered owner of the Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable on it, extend its maturity or the times for paying interest, change the monetary medium in which principal and interest is payable, or create a mortgage pledge or lien on the revenues superior to or on a parity with the pledge and lien created for the Bonds and any Parity Bonds or reduce the percentage of consent required for amendment or modification and provided further, that no amendments affecting the duties, obligations or rights of the Trustee shall take affect without the consent of the Trustee.

Any act done pursuant to a modification or amendment permitted by the Indenture will be binding upon the Owners of all of the Bonds, and shall not be deemed an infringement of any of the provisions of the Indenture or of the Law, whatever the character of the act may be, and may be done and performed as fully and freely as if expressly permitted by the original terms of the Indenture. No Bondowner will have any right or interest to object to the action, to question its propriety or to enjoin or restrain the Agency or its officers from taking any action pursuant to such modification or amendment. The Trustee may obtain an opinion of counsel that any such Supplemental Indenture complies with the provisions of the Indenture and the Trustee may conclusively rely upon such opinion.

THE AUTHORITY

The Temple City Financing Authority (the "Authority") was created by a Joint Exercise of Powers Agreement, dated November 30, 1993, by and between the City and the Agency. Such Agreement was entered into pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code. The Authority was created for the purpose of assisting the financing or refinancing of certain public capital facilities within the City. Under the JPA Law, the Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale.

The Authority is governed by a five-member Board of Directors (the "Board") which consists of the members of the City Council of the City of Temple City. The Mayor acts as Chairman of the Authority, the City Manager as its Executive Director, the City Clerk as its Secretary and the Finance Director of the City as the Treasurer of the Authority.

THE TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY

The Agency was established on July 20, 1971 by the City Council of the City with the adoption of Ordinance No. 71-333, pursuant to the Law. The five members of the City Council serve as the governing body of the Agency, and exercise all the rights, powers, duties and privileges of the Agency.

Members and Officers

The members and officers of the Agency and the expiration of their terms are as follows:

Member	*Term Expiration*
Dan Arrighi, Mayor	March 2007
David J. Capra, Vice Mayor	March 2007
Ken Gillanders, Member	March 2009
Cathé Wilson, Member	March 2009
Judy S. Wong, Member	March 2007

Agency Powers

All powers of the Agency are vested in its governing body. Pursuant to the Law, the Agency is a separate public body which may exercise broad governmental functions and authority to accomplish its purposes, including, but not limited to, the right of eminent domain, the right to issue bonds or notes and expend their proceeds and the right to acquire, sell, rehabilitate, develop, administer or lease property. The Agency may demolish buildings, clear land and cause to be constructed certain improvements including streets, sidewalks, and public utilities.

The Agency may not construct or develop buildings, with the exception of public facilities and housing, but must sell or lease cleared property to redevelopers for construction and development in accordance with the Redevelopment Plan.

Financial Advisor and Redevelopment Consultant

Urban Futures, Inc., of Orange, California ("Urban Futures"), formed in the early 1970s, provides services in the areas of planning, redevelopment and finance to both governmental and private sector clients.

Urban Futures is currently engaged in consulting activities for a number of cities and redevelopment agencies in the State. Over the past five years, Urban Futures has completed planning, economic and financial consulting assignments for over 130 government clients in the State.

Urban Futures has acted as financial consultant to the Agency concerning the Bonds. As financial consultant, Urban Futures will receive compensation contingent upon the sale and delivery of the Bonds.

Tax Increment Financing

The Law authorizes the financing of redevelopment projects through the use of tax increment revenues. This method provides that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter receive that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency is allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency may be pledged to the payment of agency obligations. Generally, tax increment revenues from one project area may not be used to repay indebtedness incurred for another project area. Redevelopment agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See "RISK FACTORS."

The Law authorizes redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Agency has entered into a number of agreements for this purpose. See "THE PROJECT AREA—Agreements with Various Taxing Agencies."

Housing Set-Aside

In accordance with Section 33334.2 of the Law, not less than twenty percent (20%) of all taxes which are allocated to the Agency shall be used by the Agency for purposes of improving, increasing and preserving the City's supply of housing for persons and families of low or moderate income. This requirement is applicable unless the Agency makes the finding that:

1. No need for such housing exists in the City;

2. Less than twenty percent (20%) is sufficient to meet such housing needs of the City; or

3. A substantial effort is presently being carried out with other funds (either local, State or federal) and that such efforts are equivalent in impact to twenty percent (20%) of all taxes which are allocated to the Agency.

Both the "no need" finding (item 1 above) and the "less than 20% finding" (item 2 above) must apply to very low income as well as low and moderate income households, must be consistent with the housing element of the community's general plan and the annual report of its planning agency, and do not become effective until after certain filings have been made with the State Department of Housing and Community Development ("HCD"). Neither finding can be made unless the housing element is in proper form and up to date and has been filed with HCD.

The "equivalent effort" finding (item 3 above) must apply to the community's share of regional housing needs as well as its own existing and projected needs. After June 30, 1993, no agency may make this finding unless it can show evidence that it is required in order to meet contractual obligations to bondholders or other private entities incurred prior to May 1, 1991 and made in reliance on the ability to make the finding.

Funds available from the twenty percent (20%) requirement may be used outside the Project Area on a finding by the Agency and the City Council that such use will be of benefit to the Project Area. See "THE PROJECT AREA—Limitations and Requirements of the Redevelopment Plan." The Law also permits agencies with more than one project area to set aside less than twenty percent (20%) of the taxes allocated to the agency from one project area if the difference is made up from another project area in the same year and if the agency and the legislative body of the community find that such use of funds will benefit such other project area.

Factors Affecting Redevelopment Agencies Generally

Other features of California law which bear on redevelopment agencies include general provisions which require public agencies to let contracts for construction only after competitive bidding. The Law provides that construction in excess of $5,000 undertaken by the Agency shall be done only after competitive bidding. California statutes also provide for offenses punishable as felonies which involve direct or indirect interest of a public official in a contract made by such official in his official capacity. In addition, the Law prohibits any Agency or City official or employee who, in the course of his duties, is required to participate in the formulation or approval of plans or policies, from acquiring any interest in property in the Project Area.

Under a State initiative enacted in 1974, public officials are required to make extensive disclosures regarding their financial interests by filing such disclosures as public records. As of the date of this Official Statement, the members of the City Council and the Agency, and other City and Agency officials have made the required filings.

California also has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally makes all Agency and City meetings open to the public.

Filing of Statement of Indebtedness. Section 33675 of the Law provides for the filing not later than the first day of October of each year with the County Auditor of a statement of indebtedness certified by the chief fiscal officer of the Agency for each redevelopment plan which provides for the allocation of taxes. The statement of indebtedness is required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information must be given for each loan, advance or indebtedness that the Agency has incurred or entered into which is payable from tax increment.

Section 33675 also provides that payments of tax increment revenues from the County Auditor to the Agency may not exceed the amounts shown on the Agency's statement of indebtedness. The Section further provides that the statement of indebtedness is prima facie evidence of the indebtedness of the Agency, but that the County Auditor may dispute the amount of indebtedness shown on the statement in certain cases and the disputed amount may be withheld from allocation and payment to the Agency. Provision is made for time limits under which the dispute can be made by the County Auditor as well as provisions for a determination by the superior court in a declaratory relief action of the proper disposition of the matter. The issue in any such action shall involve only the amount of the indebtedness and not the validity of any contract or debt instrument, or any expenditures pursuant thereto. Payments to a trustee under a bond Indenture or indenture or payments to a public agency in connection with payments by such public agency pursuant to a bond issue shall not be disputed in any action under Section 33675.

RISK FACTORS

Limitations on Remedies

The enforceability of the rights and remedies of the Owners of the Bonds and the Trustee and the obligations incurred by the Agency may be subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise of the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights.

Reduction of Pledged Tax Revenues

Pledged Tax Revenues allocated to the Agency (which constitute the ultimate source of payments of principal and interest on the Bonds, as discussed herein) are determined by the amount of incremental valuation of taxable property in the Project Area, the current rate or rates at which property in the Project Area is taxed and the percentage of taxes collected in the Project Area.

Although the Agency believes the projections of Pledged Tax Revenues contained herein are reasonable, several types of events which are beyond the control of the Agency could occur and cause a reduction in available Pledged Tax Revenues. First, a reduction of taxable values of property or tax rates in the Project Area or a reduction of the rate of increase in taxable values of property in the Project Area caused by economic or other factors beyond the Agency's control (such as a relocation out of the 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, a reduction in transfers of property, construction activity or other events that permit reassessment of property at lower values, or the destruction of property caused by natural or other disasters, including earthquake) could occur, thereby causing a reduction in Pledged Tax Revenues. The risk increases in proportion to the percent of total assessed value attributable to any single assessee in the Project Area. Second, the State electorate or Legislature could adopt limitations with the effect of reducing Pledged Tax Revenues payable to the Agency. Third, a reduction in the tax rate applicable to property in the Project Area by reason of discontinuation of certain override tax levies approved prior to January 1, 1989, in excess of the 1% basic levy, will reduce Pledged Tax Revenues available to pay debt service. Such override can be expected to decline over time until it reaches the 1% basic levy and may be discontinued at any time, which may cause a reduction in Pledged Tax Revenues. Fourth, delinquencies in the payment of property taxes by the owners of land in the Project Area could have an adverse effect on the Agency's ability to make timely debt service payments. The Agency believes the historical delinquency experience in the Project Area has not been greater than the City-wide historical experience.

Any reduction in Pledged Tax Revenues, whether for any of the foregoing reasons or any other reason, could have an adverse effect on the Agency's ability to pay the principal of and interest on the Bonds or to issue refunding bonds to refund the Bonds at or prior to maturity.

Limited Obligations

The Bonds are special obligations of the Agency secured by and solely payable from amounts on deposit in the indicated Funds and Accounts established under the Indenture. The Bonds are secured by a pledge of the Pledged Tax Revenues. The Bonds are not a debt, liability or obligation of the City, the State or any political subdivisions thereof and neither the City, the State nor any political subdivisions thereof are liable

for payment on the Bonds. The Bonds do not constitute an indebtedness within the meaning of any State constitutional or statutory debt limitation.

Development Risks

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

Levy and Collection

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

Reduction in Inflationary Rate

As described in greater detail below, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the 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. In January 1996, the State Board of Equalization reported an actual annual inflation rate of 1.11%. This marked only the third time since the adoption of Article XIIIA in 1978 that the actual inflation rate has been less than 2%. Should the assessed value of secured property not increase at the estimated annual rates incorporated herein, the Agency's receipt of future Pledged Tax Revenues may be adversely affected.

Bankruptcy and Foreclosure

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be "administrative expenses" of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclosure on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

According to the court's ruling, as administrative expenses, post-petition taxes would be paid if the debtor had sufficient assets to do so after all authorized payment to secured creditors. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would at that time become subject to current *ad valorem* taxes.

To the extent the rule of *Glasply* is applied to properties within the Project Area, any resultant reduction or delay in the collection of property taxes could reduce the amount of Pledged Tax Revenues available to the Agency to make timely payments of debt service on the Bonds.

Property Held By FDIC

The ability of the Agency to receive Pledged Tax Revenues derived from delinquent taxes may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation ("FDIC") has or obtains an interest. In the event that any financial institution making any loan which is secured by real property within the Project Area is taken over by the FDIC and prior thereto or thereafter, the tax installments go into default, the ability of the County to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid taxes may be limited. The FDIC's policy statement regarding the payment of State and local real property taxes (the "Policy Statement") provides that the FDIC intends to pay valid real property taxes, interest and penalties, in accordance with State law, on property which at the time of the tax levy is owned by institutions in an FDIC receivership, unless abandonment of the FDIC interest is determined to be appropriate.

Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, it will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will it pay or recognize liens for any penalties, fines or similar claims imposed for the nonpayment of taxes.

The Agency is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency on a parcel within the Project Area in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale.

Seismic Factors

The City is located in an area of seismic activity and, therefore, could be subject to potentially destructive earthquakes. Numerous active and inactive fault lines pass through, or near, the area in which the City is located. The occurrence of severe seismic activity in the City could result in substantial damage to property located in the Project Area, and could lead to successful appeals for reduction of assessed values of such property. Such a reduction could result in a decrease in Pledged Tax Revenues received by the Agency.

Proposition 8 Adjustments

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed on a following lien date up to the lower of the then-current fair market value or the factored base year value. Properties in the Project Area have not been subject to Proposition 8 adjustments made by the County Assessor in any significant amount.

The Bezaire Case

On November 2, 2001, in an Orange County Superior Court case styled *County of Orange v. Orange County Assessment Appeals Board No. 3*, Case No. 00CC03385 ("*Bezaire*"), the Orange County Superior Court issued a Minute Order holding that the Orange County Assessor (the "Assessor") had violated the 2% maximum annual inflation adjustment limit of Article XIIIA of the California Constitution. The Assessor had increased the assessed value of a single family residential property by 4% in one year, after subject the

property to no increase the previous year, when the market value of the property declined below its taxable value. The Assessor established the 4% value increase by determining that the property's then-current market value was greater than the assessed value would have been if the 2% annual inflation adjustment had been applied the previous year. The State Board of Equalization had approved this methodology for increasing assessed values in similar circumstances. The Orange County Superior Court has entered a ruling which allows restatement of the complaint as a class action. Should the matter be upheld on appeal it could limit the rate at which county assessors can increase the assessed value of properties which have been subject to reductions in assessed value.

In December 2002, the court certified a "class action" status for the case and defined the class of potential plaintiffs to include all of the people in Orange County subject to the recapture. In 2002, two other Superior Courts (Los Angeles and San Diego) ruled differently on the recapture issue. The Superior Court in the Bezaire Case entered a Final Judgment on April 18, 2003. On June 12, 2003, the Orange County Assessor and Tax Collector, in conjunction with the County of Orange, filed a notice of appeal of action in the Court of Appeal of the State of California, and on March 26, 2005, the Court of Appeal of the State of California, Fourth Appellate District, filed its opinion reversing the trial court's judgment, holding that the trial court erred in ruling that assessments are always limited to no more than two percent of the previous year's assessment and remanding to the trial court with directions to enter judgment in favor of the County of Orange petitioners. The Court of Appeal held that the 2% annual inflation adjustment provision permits a maximum 2% annual increase calculated against the original acquisition cost base, rather than calculated against any reduced base resulting from any intervening downward reassessment in the wake of a decline in property values, such as might happen with a general deflation or a disaster. On May 5, 2005, the Respondent filed a petition to the California Supreme Court for a review of the decision published by the Court of Appeal on March 26, 2005. The California Supreme Court on July 22, 2005 denied the petition for hearing before the California Supreme Court.

Educational Revenue Augmentation Fund; State Budget

The Agency's Tax Revenues may be reduced by specific legislative shifts in property tax allocations. The State budget for fiscal year 1993-94 transferred $2.6 billion to school districts from cities, counties and other local governments, including redevelopment agencies. As part of the budget's transfer of moneys to school districts, the State Legislature required redevelopment agencies to transfer approximately $65 million to the Educational Revenue Augmentation Fund ("ERAF") in both fiscal years 1993-94 and 1994-95. The amount required to be paid by a redevelopment agency under such legislation was apportioned among all of its redevelopment project areas on a collective basis, and was not allocated separately to individual project areas. Faced with a projected $23.6 billion budget gap for fiscal year 2002-03, the State Legislature adopted and the Governor signed AB 1768 requiring redevelopment agencies to pay into ERAF $75 million. AB 1768 required the payment into ERAF in fiscal year 2002-03 only. As part of the overall legislation to enact the 2003-04 State Budget, the State enacted as urgency legislation, SB 1045, Chapter 260, Statutes of 2003 ("Chapter 260") as part of the 2003-04 State Budget requiring redevelopment agencies to pay into ERAF in fiscal year 2003-04 an aggregate amount of $135 million. Chapter 260 requires the payment into ERAF in fiscal year 2003-04 only. Chapter 260 provides that one-half of an agency's ERAF obligation is calculated based on the gross tax increment received by such agency and the other one-half of such agency's ERAF obligation is calculated based on the net tax increment revenues (after any pass-through payments to other taxing entities), as such tax increment revenues are shown in Table 7 of the fiscal year 2002-03 Annual Report of the California Controller. The Agency's ERAF obligation for fiscal year 2003-04 was approximately $41,314 and for fiscal year 2004-05 it was approximately $76,357. The Agency expects to pay such amount from surplus Tax Revenues.

The 2005-06 State Budget, which was adopted by the Legislature and signed by the Governor on July 31, 2005, provides for an ERAF payment by redevelopment agencies of $250 million in each of FY 2005-05 and FY 2006-07. Cities, counties and special districts will each contribute $350 million in each fiscal year for a total ERAF contribution of $1.3 billion. The formula for calculating the Agency's ERAF obligation is

the same as described above for FY 2004-05. The Agency's ERAF obligation for FY 2005-06 is expected to be $76,357. The Agency expects to pay such amount from Surplus Tax Revenues.

As part of the State Budget adoption process, a constitutional amendment (SCA-4) will be placed on the November ballot and if approved by the voters, would prevent the State from reducing local governments' share of the property tax below current levels. In a fiscal emergency, if all prior loans have been repaid, the State could borrow up to eight percent of local property tax revenues, provided that the amount borrowed would be paid back within three years.

The 2005-06 State Budget does not resolve the State's structural deficit between revenues and expenditures. It is therefore anticipated that there will be additional future legislation which addresses this situation. The Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future. Given the magnitude of the State's budgetary deficit, it is possible that future legislation will further reduce Tax Revenues.

Based upon the foregoing, investors should assume that there will be reductions in Tax Increment Revenues available to the Agency, which will in turn reduce those moneys available as Tax Revenues. The magnitude of such reductions cannot be quantified at this time, but it may be substantial and affect multiple years.

Changes in Redevelopment Law

There can be no assurance that the State electorate will not at some future time adopt initiatives or that the State Legislature will not enact legislation that will amend the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Pledged Tax Revenues, and consequently, have an adverse effect on the Agency's ability to repay debt service on the Bonds.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

In the State, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) 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, (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee.

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 sold to the State on or about March 30 of each 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. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to

sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to 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.

The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31.

Historically, tax payment practices by the County provided for payment to the agencies of approximately 50% of the secured taxes by the third week in January of each year, an additional 50% of the secured taxes in early May of each year. In accordance with the County's current policy, the Agency expects to receive approximately 50% of the secured taxes by the third week in January of each year and approximately 50% of the secured taxes in early May of each year.

Supplemental Assessments

California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. This statute provides increased revenue to redevelopment agencies to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, Pledged Tax Revenues may increase.

Property Tax Administrative Costs

In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. For Fiscal Year 2003-04 the County's administrative charge to the Agency for the Project Area was $129,455.48.

Unitary Property

AB 454 (Statutes of 1987, Chapter 921) provides the method of reporting and allocating property tax revenues generated from most State-assessed unitary properties. Under AB 454, the State reports to each county auditor-controller only the county-wide unitary taxable value of each utility, without an indication of the distribution of the value among tax rate areas. AB 454 provides two formulas for auditor-controllers to use in order to determine the allocation of unitary property taxes generated by the county-wide unitary value, which are: (i) for revenue generated from the 1% tax rate, each jurisdiction is to receive up to 102% of its prior year unitary property tax increment revenue; however, if county-wide revenues generated from unitary properties are greater that 102% of prior year revenues, each jurisdiction receives a percentage share of the excess unitary revenues equal to the percentage of each jurisdiction's share of secured property taxes; (ii) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, each jurisdiction is to receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes.

The provisions of AB 454 apply to all State-assessed property, except railroads and non-unitary properties the valuation of which will continue to be allocated to individual tax rate areas. AB 454 allows, generally, valuation growth or decline of State-assessed unitary property to be shared by all jurisdictions within a county.

Due to the limited amount of unitary property within the Project Area, the Agency does not expect the impact of AB 454 or the settlement agreement to have an adverse effect on the Agency's ability to pay debt service on the Bonds.

Article XIIIA of the State Constitution

Article XIIIA limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIIIA (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional *ad valorem* taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIIIA has been upheld by both the California Supreme Court and the United States Supreme Court.

Appropriations Limitation – Article XIIIB

Article XIIIB limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriations limit is the 1978/79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by an agency of proceeds of taxes levied by or on behalf of an agency within the meaning of Article XIIIB, nor shall such portion of taxes be deemed receipt of proceeds 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. The constitutionality of Section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Agency has not adopted an appropriations limit.

Personal Property Tax Special Subventions

Government Code Section 16112.7 generally provides that on or after July 31, 1990, no redevelopment agency shall pledge special personal property tax subvention payments as security for payments of the principal and interest on bonds.

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 Agency revenues or the Agency's ability to expand revenues.

Recent Litigation Regarding Increase in Assessed Valuation

On November 2, 2001, the Orange County, California Superior Court issued a Minute Order in the case of County of Orange v. County of Orange County Assessment Appeals Board No. 3. The case involved the assessed value of a property that exceeded the prior year's assessed value by more than 2%. The increase of a property's assessed value by more than 2% is a common practice among California assessors when the prior year value of the property is less than the base year value of the property (the value assigned upon change of ownership or new construction) and the current year, market value of property is equal to or higher than the computed base year value for the current year. Such instances occur when the prior year value of the property was determined by an appeal or assessor initiated reduction 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%. At this time, the Orange County Superior Court is considering possible class certification for a challenge to the Orange County assessor's practice. It is unclear whether, or to what extent, this potential class may affect assessments outside of Orange County.

The Agency is unable to predict the effect on Tax Revenues if the ruling described above is ultimately determined to have applicability to the County of San Bernardino and the Tax Revenues allocated to the Agency. The Financial Advisor has not made any adjustment in its projections of Tax Revenues shown in the text of this Official Statement and in Appendix B by reason of the foregoing litigation. Pledged Tax Revenues that secure the Bonds under the Indenture could be reduced, which in turn could impair the ability of the Agency to make payments on the Bonds when due if the above described litigation is upheld and any similar litigation is brought with respect to the Project Area.

No Impact on Pledged Tax Revenues Arising from Santa Ana Litigation. The State Court of Appeals recently upheld a Superior Court decision which held the Santa Ana Unified School District had the right to receive payments from the Orange County Redevelopment Agency pursuant to a resolution adopted by the School District in 1996 under former Section 33676(a) of the California Redevelopment Law (Santa Ana Unified School District v. Orange County Redevelopment Agency; App. 4 Dist. 2001 108 Cal. Rptr.2d 770, 90 Cal. App 4th 404, review denied). Former Section 33676(a)(2) provided that, unless a negotiated tax sharing agreement had been entered into, upon passage of a resolution prior to adoption of a redevelopment plan, affected taxing agencies and every school and community college district could elect to be allocated increases in the assessed value of taxable property in the project areas based on inflation growth (the "2% Property Tax Increase"). Former Section 33676(a)(2) was repealed as part of major revisions made to the California Redevelopment Law pursuant to the Reform Act of 1993 ("AB 1290"). The changes to the California Redevelopment Law contained in AB 1290 were effective as of January 1, 1994. The Court of Appeals affirmed the lower court ruling that due to an amendment to former Section 33676(a) which occurred in 1984, school and community college districts were to automatically receive the 2% Property Tax Increase even without adopting the appropriate resolution prior to the adoption of a redevelopment plan.

Appeals of Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the Agency's tax increment attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted. See "THE PROJECT AREA—Largest Local Secured Taxpayers" for information regarding the assessed valuations of the top ten property owners within the Project Area.

THE PROJECT AREA

Project Area Description

The Rosemead Boulevard Redevelopment Project was adopted by Ordinance No. 72-350 at a joint meeting of the Agency and City Council on May 16, 1972. The Project encompasses an area of approximately 80 acres located in the western portion of the City and bounded generally by the Los Angeles County Flood Control District's Eaton Wash to the south and west, North Sultana Avenue on the east and East Elm Avenue on the north. The Project Area includes neighborhood commercial centers as well as a small amount of residential areas.

- The Project Area is bisected by Temple City's two principle thoroughfares, Rosemead Boulevard and Las Tunas Drive. The Redevelopment Plan stated the principal reasons for selecting this area were:

  1. Poorly designed land parcels with diverse ownership; and

  2. A mixture of incompatible land uses.

Major Assessed Property Taxpayers

The largest property taxpayers in the Project Area according to the 2004/05 assessed valuations are shown below with their respective 2004/05 assessed valuations.

ROSEMEAD BOULEVARD PROJECT AREA
Largest Property Assesses
Fiscal Year 2004/05

Taxpayer	*Land Use*	*FY 2004-05 Assessed Valuation*	*Percent of Total A.V.*[1]
Calac Investment	Commercial: Shopping Center	$ 13,744,879	19.37%
Gradiazio Investment Co.	Commercial: Shopping Center	12,839,259	18.09
Femino, James J & Sue	Commercial: Shopping Center	5,001,441	7.05
TCD Ent. Inc.	Theater: Indoor Movie	4,514,596	6.36
Jewel Food Stores Inc.	Commercial: Shopping Center	2,592,307	3.65
HTT Group	Commercial: Store & Office Combination	2,370,976	3.34
SD SD Corp.	Commercial: Store & Residential Combination	2,294,043	3.23
A & M Enterprises	Commercial: Parking Lot	2,248,653	3.17
Ranccol Ventures Inc.	Commercial: Store & Residential Combination	2,148,047	3.03
Smaldino Family Trust	Commercial: Stores	1,986,534	2.80
Total		$ 49,740,735	70.08%

[1] Based on Fiscal Year 2004-05 secured assessed valuation.
Source: Urban Futures, Inc.

ROSEMEAD BOULEVARD PROJECT AREA
2004-05 Secured Assessed Value by Use

Land Use	*Number of Parcels*	*2004-05 Secured Assessed Valuation*	*Percent of Secured A.V.*
Commercial	49	$ 62,046,599	87.42%
Government	14	500,737	0.71
Industrial	1	299,150	0.42
Misc.	1	127,056	0.18
Recreational	1	2,398,381	3.38
Residential – Multi Family	7	2,628,586	3.70
Residential – Single Family	1	49,845	0.07
Vacant, Commercial Land	14	2,882,252	4.06
Vacant, Residential Land	4	45,255	0.06
Total	92	$ 70,977,861	100.00%

Source: Urban Futures, Inc.

Limitations and Requirements of the Redevelopment Plan

Pursuant to the Redevelopment Plan, the total tax increment revenues received by the Agency over the life of the Redevelopment Plan cannot exceed $30,000,000.

In accordance with State Law, unless certain findings are made, not less than twenty percent (20%) of tax increment revenues allocated to the Agency from the Project Area shall be used for the purpose of increasing, improving and preserving the supply of housing for families of low or moderate income. See "THE TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY—Housing Set-Aside."

The Redevelopment Plan was amended on August 2, 2005 by Ordinance No. 05-900 to eliminate the limitation on the time to incur indebtedness. The Redevelopment Plan expires on June 15, 2015. Pursuant to Section 33333.6(c) of the Law, the Agency may receive tax increment revenue to pay outstanding indebtedness for 10 years beyond the termination date of the Redevelopment Plan.

The Pass-Through Agreement

The Agency has not entered into any tax sharing agreements with taxing entities in the Project Area

As a result of eliminating the debt incurrence deadline (Ordinance No. 05-900), the Agency is obligated under Health & Safety Code Section 33607.7 (the "AB 1290 Pass-Through Formula") to share tax increment revenues generated in the Project Areas with affected taxing entities, commencing in FY 2005-06. The Adjusted Base Year for the purposes of such pass-through calculation will be FY 2003-04. Generally, the AB 1290 Pass-Through Formula is as follows:

	Pass Through[1]
Tier A (Years 1-10)	25%
Tier B (Years 11-30)	21% + Tier A
Tier C (Years 31-40)	14% + Tier A & B

(1) Percentage of entity's share of tax increment reduced by pro-rata share of Agency's low and moderate housing set-aside.

The County of Los Angeles Auditor-Controller will deduct administration charges from the tax increment distributed to the Agency for the Project Area. The estimated administration charges (1.7% of gross tax increment) have been deducted from the projected Tax Increment Revenues.

Assessment Appeals

In Los Angeles County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the Los Angeles County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. The Appeals Board, within two years of each applicant's filing date, will hold a hearing and then either reduce the assessment or confirm the assessment.

Current appeals pending in the Rosemead Boulevard Redevelopment Project represent real property with a total assessed valuation of $16,601,588. Based on the actual valuation reductions allowed by the Appeals Board for property in the Rosemead Boulevard Redevelopment Project over the last five years, it is estimated that the current appeals pending could result in a valuation reduction in the Rosemead Boulevard Redevelopment Project of approximately $204,200, which would then reduce the gross tax increment amount by approximately $2,042. This estimated amount has not been deducted from the projections of tax increment in Exhibit A, as the outcome of the pending appeals cannot be predicted with certainty.

PLEDGED TAX REVENUES

Pledged Tax Revenues (as described in the section "SECURITY FOR THE BONDS" herein) are to be deposited in the Special Fund, administered by the Trustee and applied to the payment of the principal of and interest on the Outstanding Bonds.

Schedule of Historical Pledged Tax Revenues

The following table is a schedule of the taxable valuations and resulting Pledged Tax Revenues in the Project Area for the fiscal years 2000-01 through 2004-05. The base year valuation for the Project Area was established in fiscal year 1971-72.

	2000-01	*2001-02*	*2002-03*	*2003-04*	*2004-05*
Secured	$ 57,615,611	$ 59,802,863	$ 69,308,219	$ 70,248,682	$ 70,977,681
Unsecured	5,682,776	6,761,077	6,630,918	6,897,773	5,926,228
Total AV	$ 63,298,387	$ 66,563,940	$ 75,939,137	$ 77,146,455	$ 76,904,089

Projected Taxable Valuation and Pledged Tax Revenues

The Agency has retained Urban Futures to provide projections of Pledged Tax Revenues from developments in the Project Area. The table below sets forth those projections for fiscal years 2004-05 through 2024-25. The Agency believes the assumptions (set forth in the footnotes to the table) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see "RISK FACTORS"). Therefore, the actual Pledged Tax Revenues received during the forecast period may vary from the projections and the variations may be material. A summary of the projected Pledged Tax Revenues is as follows:

Fiscal Year	*(1) Taxable Valuation*	*(2) Incremental Valuation*	*(3) Tax Revenues*	*(4) Less: Pass Throughs*	*(5) County Tax Admin. Fees*	*(6) Pledged Tax Revenues*
2004-05	$ 76,904,089	$ 69,538,969	$ 701,691	--	$ 11,791	$ 689,900
2005-06	85,516,617	78,151,497	787,816	$ 16,698	13,393	757,725
2006-07	87,226,949	79,861,829	804,919	20,119	13,684	771,117
2007-08	88,971,488	81,606,368	822,365	23,608	13,980	784,776
2008-09	90,750,918	83,385,798	840,159	27,167	14,283	798,709
2009-10	92,565,936	85,200,816	858,309	30,797	14,591	812,921
2010-11	94,417,255	87,052,135	876,822	34,500	14,906	827,417
7011-12	96,305,600	88,940,480	895,706	38,276	15,227	842,203
7012-13	98,231,712	90,866,592	914,967	42,129	15,554	857,284
2013-14	100,196,347	92,831,227	934,613	46,058	15,888	872,667
2014-15	102,200,273	94,835,153	954,653	50,066	16,229	888,358
2015-16	104,244,279	96,879,159	975,093	57,588	16,577	900,928
2016-17	106,329,165	98,964,045	995,941	65,260	16,931	913,750
2017-18	108,455,748	101,090,628	1,017,207	73,086	17,293	926,829
2018-19	110,624,863	103,259,743	1,038,898	81,068	17,661	940,169
2019-20	112,837,360	105,472,240	1,061,023	89,210	18,037	953,776
2020-21	115,094,107	107,728,987	1,083,591	97,515	18,421	967,655
2021-22	117,395,989	110,030,869	1,106,610	105,986	18,812	981,811
2022-23*	119,743,909	112,378,789	1,130,089	114,626	19,212	996,251
2023-24*	122,138,787	114,773,667	1,154,038	123,439	19,619	1,010,980
2024-25*	124,581,563	117,216,443	1,178,465	132,429	20,034	1,026,003

* Pursuant to Ordinance No. 05-900, an additional three years has been added to the termination date of the Plan (from 6/15/12 to 6/15/15), and the Agency may collect tax increment for ten years beyond the Plan termination date, to pay Agency indebtedness.

(1) Actual valuation for FY 2005-06 provided by Los Angeles County Auditor-Controller. Assessed valuation increased by a 2% growth factor for FY 2006-07 and thereafter.

(2) Taxable Assessed Valuation less the base year assessed valuation of $7,365,120.

(3) Tax Revenues based on a 1.00% tax rate, and include Unitary revenues in the amount of $6,301.

(4) Pass-Throughs based on Section 33607.7 pass-through formula, with adjusted based of FY 03-04.

(5) County tax administration fees (SB 2557) are actual for FY 04-05, and estimated based on 1.7% of Tax Revenues thereafter.

(6) Pledged Tax Revenues include LMI Housing Set-Aside amounts.

Annual Debt Service

Set forth below is the annual debt service (assuming minimum sinking account payments) for the term of the Bonds.

Temple City Community Redevelopment Agency
Rosemead Boulevard Redevelopment Project
Tax Allocation Refunding Bonds
Issue of 2005
Annual Debt Service

	2005 Bonds		
Maturity Date (September 1)	*Principal*	*Interest*	*Total Debt Service*
2006	$ 240,000.00	$ 340,641.81	$ 580,641.81
2007	280,000.00	347,225.00	627,225.00
2008	285,000.00	338,825.00	623,825.00
2009	295,000.00	329,277.50	624,277.50
2010	305,000.00	318,805.00	623,805.00
2011	315,000.00	307,367.50	622,367.50
2012	330,000.00	294,825.00	624,825.00
2013	345,000.00	278,325.00	623,325.00
2014	360,000.00	263,835.00	623,835.00
2015	375,000.00	248,355.00	623,355.00
2016	395,000.00	231,855.00	626,855.00
2017	410,000.00	214,080.00	624,080.00
2018	430,000.00	195,220.00	625,220.00
2019	450,000.00	175,225.00	625,225.00
2020	470,000.00	154,075.00	624,075.00
2021	495,000.00	131,985.00	626,985.00
2022	515,000.00	108,225.00	623,225.00
2023	540,000.00	83,118.76	623,118.76
2024	570,000.00	56,793.76	626,793.76
2025	595,000.00	29,006.26	624,006.26
Total	$8,000,000.00	$4,447,065.59	$12,447,065.59

(1) The Bonds debt service is based on a net interest rate of 4.97%.

Debt Service Coverage

Set forth below is the estimated debt service coverage of the Bonds using actual Fiscal Year 2005-05 and Fiscal Years 2005-06 through 2009-10 projected Pledged Tax Revenues.

Fiscal Year	*Pledged Tax Revenues*	*Reserve Account Earnings* (1)	*Total Revenues*	*Maximum Annual Debt Service* (2)	*Maximum Annual Debt Service Coverage*
2005-06	$757,725	$28,115	$785,840	$627,225	1.25
2006-07	771,117	28,115	799,232	627,225	1.27
2007-08	784,776	28,115	812,891	627,225	1.30
2008-09	798,709	28,115	826,824	627,225	1.32
2009-10	812,921	28,115	841,036	627,225	1.34

(1) Assumes the moneys in the Reserve Account invested at an annual rate of four and one-half percent (4.50%).
(2) Maximum Annual Debt Service on the Bonds is expected to be payable in the year 2007. See "Annual Debt Service" herein.

CONCLUDING INFORMATION

Underwriting

The Bonds have been sold at a net interest rate of 4.9244%. The original purchase price to be paid is $7,752,679.65 for the Bonds. The Underwriter intends to offer the Bonds to the public initially at the yields set forth on the cover page of this Official Statement, which yields may subsequently change without any requirement of prior notice.

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

Legal Opinion

The opinion of Harper & Burns, Orange, California, Bond Counsel, approving the validity of the Bonds and stating that interest on the Bonds is excluded from gross income for federal income tax purposes and that such interest is also exempt from personal income taxes of the State of California under present State income tax laws, will be furnished to the Agency at the time of delivery of the Bonds. Compensation for Bond Counsel's services is entirely contingent upon the sale and delivery of the Bonds.

A copy of such opinion, certified by an officer of the Agency by his facsimile signature, will be printed on the back of each definitive Bond and is attached hereto as Attachment D. No charge will be made to the purchaser for such printing or certification.

The legal opinion is only as to legality and is not intended to be nor is it to be interpreted or relied upon as a disclosure document or an express or implied recommendation as to the investment quality of the Bonds.

In addition, certain legal matters will be passed on for the Agency by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel.

Tax Exemption

In the opinion of Harper & Burns, LLP, Orange, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, 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 calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds will be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of such corporations. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to a Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and its exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the Agency, and others and is subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") and the Act, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with the requirements of the Code and the Act might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Agency has covenanted to comply with all such requirements.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the Agency continues to comply with certain requirements of the Code and the Act, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences of the Bonds.

No Litigation

There is no action, suit or proceeding known to the Agency to be pending or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Agency taken with respect to any of the foregoing.

Legality for Investment in California

The Law provides that obligations authorized and issued under the Law shall be legal investments for all banks, trust companies and savings banks, insurance companies, and various other financial institutions, as well as for trust funds. The Bonds are also authorized security for public deposits under the Law.

The Superintendent of Banks of the State of California has previously ruled that obligations of a redevelopment agency are eligible for savings bank investment in California.

Continuing Disclosure

Pursuant to a Continuing Disclosure Agreement with Urban Futures, Inc., as Dissemination Agent (the "Disclosure Agreement"), the Agency has agreed to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository for purposes of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission (each, a "Repository"), certain annual financial information and operating data, including its audited financial statements, information of the type set forth in this Official Statement under the headings "THE PROJECT AREA—Largest Local Secured Taxpayers" and "PLEDGED TAX REVENUES—Schedule of Historical Pledged Tax Revenues" and a discussion of any property tax appeals, which, either alone or in the aggregate could have a material adverse affect on Pledged Tax Revenues. In addition, the Agency has agreed to provide, or cause to be provided, to each Repository in a timely manner notice of the following "Listed Events" if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) modifications to rights of Owners of Bonds; (4) contingent or unscheduled Bond calls; (5) defeasances; (6) rating changes; (7) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds; (8) unscheduled draws on the Reserve Account reflecting financial difficulties; (9) unscheduled draws on the municipal bond insurance policy reflecting financial difficulties; (10) substitution of the provider of the municipal bond insurance policy, or any failure by the bond insurer to

perform thereon; and (11) release, substitution or sale of property securing repayment of the Bonds. These covenants have been made in order to assist the Underwriter in complying with the Rule. The Agency has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

The Agency may amend the Disclosure Agreement, and waive any provision thereof, by written agreement of the parties, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Agency or the type of business conducted thereby; (2) the Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of the Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (3) the Agency shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Agency and the Dissemination Agent, to the same effect as set forth in clause (2) above; (4) the Agency shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Agency, to the effect that the amendment does not materially impair the interests of the Owners; and (5) the Agency shall have delivered copies of such opinion and amendment to each Repository.

In addition, the Agency's obligations under the Disclosure Agreement shall terminate upon the defeasance or payment in full of all of the Bonds. The provisions of the Disclosure Agreement are intended to be for the benefit of the Owners and shall be enforceable by the Trustee on behalf of such Owners, provided that any enforcement action by any such person shall be limited to a right to obtain specific enforcement of the Agency's obligations under the Disclosure Agreement and any failure by the Agency to comply with the provisions thereof shall not be an Event of Default under the Indenture.

Miscellaneous

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

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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

TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY

By: /s/ _____
Executive Director

SUPPLEMENTAL INFORMATION THE CITY OF TEMPLE CITY

The following information concerning the City of Temple City and surrounding areas are included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City of Temple City, State of California or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable therefor.

General Information Concerning the City and Its Economy

General

The City of Temple City is located in the western San Gabriel Valley surrounded by the communities of Arcadia, El Monte, Rosemead and San Gabriel. Temple City encompasses an area of 3.79 square miles about fifteen miles northeast of the Los Angeles County Civic Center.

Primarily a residential community, the Temple City area historically developed in agriculture following a foundation established at the Mission San Gabriel in 1771. In 1992 the original town was laid out by Walter Temple, the son of a local pioneer.

The City was incorporated on May 25, 1960 as the 69th city in Los Angeles County and subsequently, in May 25, 1971, adopted a home rule charger. The City is governed by a five-member council elected at large for four-year, alternating terms, with the Mayor being selected annually by the Council from among its members.

In addition to the office of City Manager, the Council appoints the City Attorney and Treasurer, and appoints membership in two commissions: Planning and Community Services. Day-to-day activities of government are carried out under the direction of the City Manager.

Temple City contracts with the County of Los Angeles for many traditional municipal services including law enforcement, street maintenance and building inspection. In addition, special districts provide fire protection, library and lighting services. Through these contractual arrangements the City has been able to limit its payroll while maintaining local control over zoning and development. The City has 35 full-time employees and approximately 65 part-time employees. Fire protection is provided by the Los Angeles County Fire District. Police services are provided by the Los Angeles County Sheriff's Department.

Demographic Factors and Population

The population of Temple City, estimated at 32,000 persons in 1995; has grown steadily for the past 30 years. Today, the City has an estimated population of 35,648. The following table shows the estimated past population data for the City of Temple City and the County of Los Angeles.

CITY OF TEMPLE CITY POPULATION DATA
Demographic Factors and Population

Calendar Year	*City of Temple City*	*County of Los Angeles*
1995	32,000	9,103,900
1996	32,050	9,104,700
1997	32,250	9,147,100
1998	32,500	9,225,800
1999	32,800	9,330,100
2000	33,377	9,519,330
2001	33,792	9,662,859
2002	34,344	9,828,805
2003	34,703	9,979,361
2004	35,326	10,107,451
2005	35,648	10,226,506

Source: State of California, Department of Finance, Revised Historical City, County and State Population Estimates, 1991-2000, with 1990 and 2000 Census Counts. Sacramento, California, March 2002 and State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2005, with 2000 DRU Benchmark. Sacramento, California, May 2005. Estimate as of January 1 of each year.

Housing

The U.S. Census reported 11,548 housing units in the City for 2000. Approximately 86.6% of the City's housing stock consists of single-family homes, 13.0% are multiple family units and the remainder are mobile homes.

Employment

The following table lists the City's top employers:

CITY OF TEMPLE CITY
Top Ten Major Employers

Company Name	*Type of Business*	*Employees**
Santa Anita Convalescent Hospital	Convalescent/residential care	415
Temple City Unified School District	Government	390
Los Angeles County Sheriff's Dept.	Government	220
K-Mart	Retail	133
Value Mart	Retail	60
T J Maxx	Retail	47
Albertsons	Retail	42
Ralphs	Retail	40
Office Depot	Retail	30
Sav-On	Retail	25

*Estimated full time employees
Source: City of Temple City

The City is located in Los Angeles County, Los Angeles – Long Beach – Glendale Metro Area. In the Los Angeles – Long Beach – Glendale Metro Area the labor force employment and unemployment figures over the last five years is as follows:

Title	*2000*	*2001*	*2002*	*2003*	*2004*
Total Farm	7,700	8,400	7,800	7,800	7,600
Natural Resources and Mining	3,400	3,800	3,700	3,800	3,900
Construction	131,700	136,800	134,500	134,600	139,400
Manufacturing	611,300	577,900	534,800	500,000	484,200
Trade, Transportation and Utilities	784,800	789,800	782,700	774,900	780,200
Information	242,600	226,300	207,300	202,300	208,100
Financial Activities	218,700	228,900	232,600	239,800	243,200
Professional and Business Services	598,200	588,000	575,000	559,900	561,000
Educational and Health Services	416,200	432,200	450,400	460,400	467,700
Leisure and Hospitality	344,300	348,500	354,200	362,600	373,100
Other Services	139,700	143,200	145,600	145,500	144,800
Government	581,300	598,300	606,100	599,300	586,600
Total, All Industries [1]	4,079,800	4,082,000	4,034,600	3,990,800	3,999,700
Total Civilian Labor Force [2]	4,681,300	4,752,900	4,769,900	4,782,000	4,809,700
Civilian Employment	4,427,800	4,483,000	4,446,100	4,447,800	4,494,000
Civilian Unemployment	253,500	269,900	323,800	334,200	315,700
Civilian Unemployment Rate	5.4%	5.7%	6.8%	7.0%	6.6%

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.

(2) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.

Source: State Employment Development Department, Labor Market Information Division.

Taxable Transactions

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions is presented in the following table.

Number of Permits and Valuation of Taxable Transactions
(Taxable Sales in Thousands of Dollars)

	Retail Stores		*Total All Outlets*	
Year	*No. of Permits*	*Taxable Transactions*	*No. of Permits*	*Taxable Transactions*
1999	299	118,549	809	132,277
2000	297	122,689	819	137,563
2001	301	124,103	798	137,828
2002	318	116,183	791	128,428
2003	374	112,140	826	125,939
2004[1]	394	29,101	854	33,291

(1) Through Second Quarter, 2004.

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

Building Activity

The following chart summarizes building permit valuations for the City for the four-year period from 1988 through 1992.

CITY OF TEMPLE CITY
BUILDING ACTIVITY AND VALUATION, 2000-2004
(Valuation in Thousands of Dollars)

	2000	*2001*	*2002*	*2003*	*2004*
New Single Family	$ 8,118.4	$10,558.3	$11,846.0	$19,914.7	$13,265.8
New Multi Family	5,690.0	3,846.4	1,667.0	1,241.7	0.0
Other Residential	3,908.4	4,564.2	7,493.5	7,898.4	6,886.7
Subtotal	$17,716.8	$18,968.9	$21,006.5	$29,054.8	$20,152.5
New Commercial/Industrial	$ 300.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Commercial/Industrial Alter	1,436.3	451.3	2,725.8	622.0	0.0
Other	439.1	339.3	1,266.8	1,080.0	371.9
Subtotal	$2,175.4	$ 790.6	$ 3,992.6	$ 1,702.0	$ 371.9
Total	$19,892.2	$19,759.5	$24,999.1	$30,756.8	$20,524.4
No. of New Dwelling Units[1]					
Single-Dwelling	37	48	57	101	69
Multi-Dwelling	132	45	24	16	0
Total New Units	169	93	81	117	69

[1] Figures are not in thousands of dollars.
Source: Construction Industry Research Board – Building Permit Summary Report.

Utility Providers

Utility services in the City are furnished by the following suppliers

Water:	Water Service is provided by California American Water Company, San Gabriel County Water District, Southern California Water Company, Sunnyslope Water Company and East Pasadena Water Company.
Electric:	Southern California Edison
Gas:	Southern California Gas Company
Cable Television:	Crown Cable
Telephone:	Pacific Bell
Sewer:	County of Los Angeles
Waste Hauler:	Community Disposal

Transportation

Residents of Temple City enjoy the benefits of excellent transportation facilities. The City is located on State Highway 19 (Rosemead Boulevard) which is a principal thoroughfare from Long Beach to Pasadena. It is further located between Interstate Highway 210, the Foothill Freeway and Interstate Highway 10, the San Bernardino Freeway.

Major airports in the Los Angeles Basin are easily accessible by means of the highly developed freeway network in the west San Gabriel Valley. Air cargo and passenger facilities include Los Angeles International Airport, Hollywood-Burbank Airport, Long Beach International Airport and Ontario International Airport. All are less than 35 air miles from the City. The nearby El Monte Airport has facilities for private aircraft.

The ports of Los Angeles and Long Beach are both located within 40 miles in southern Los Angeles County. This harbor complex constitutes one of the largest manmade ports in the nation and has been the constant leader in tonnage on the Pacific Coast since 1923. A main line of the Southern Pacific Railroad traverses the City's industrial area providing local freight service.

Education

Primary and secondary education in the City is principally provided by the Temple City Unified School District. The District presently operates seven schools, including one high school, one continuation high school, a junior high school and four elementary schools. Current enrollment is estimated to be 4,891 students.

Temple City is also within the Los Angeles City Community College District – largest in the world. Two hundred different occupational and academic courses are available at the taxpayer-supported Los Angeles Community Colleges where students may earn an Associate in Arts degree by completing a two-year course of study after graduating from high school.

About six miles west of the City is California State University at Los Angeles, established in 1947. This institution, one of nineteen in the State University and College system, offers instruction in more than 50 fields of learning from the introductory level to highly specialized, in-depth study at the master's and doctoral level.

Within a 30-mile radius of the City are many other excellent degree colleges and universities. Among the public institutions are University of California at Los Angeles, California State Polytechnic University, California State University at Long Beach, and California State University at Fullerton. Private institutions include California Institute of Technology at Pasadena, Loyola University, Whittier College, University of LaVerne, Pepperdine University, Pomona College, the University of Southern California, Occidental College and the Claremont Colleges.

Statement of Direct and Overlapping Bonded Indebtedness

CITY OF TEMPLE CITY
DIRECT AND OVERLAPPING DEBT

2004-05 Assessed Valuation:	$2,352,749,291
Redevelopment Incremental Valuation:	69,467,969
Adjusted Assessed Valuation:	$2,283,281,322

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 7/1/05	
Los Angeles County	0.336%	$ 54,449	
Metropolitan Water District	0.172	719,287	
Los Angeles County Flood Control District	0.348	424,142	
Los Angeles Community College District	0.009	66,481	
Pasadena Area Community College District	5.771	1,664,356	
Arcadia Unified School District	3.318	608,408	
San Gabriel Unified School District	1.197	380,544	
Temple City Unified School District	69.208	15,865,761	
El Monte Union High School District	6.201	3,495,814	
El Monte School District	10.850	4,089,908	
Rosemead School District	2.945	512,577	
City of Temple City	**100.**	-	(1)
Los Angeles County Regional Park and Open Space Assessment District	0.336	1,174,958	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$29,056,685	
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Los Angeles County General Fund Obligations	0.336%	$ 4,614,405	
Los Angeles County Pension Obligations	0.336	3,528,327	
Los Angeles County Superintendent of Schools Certificates of Participation	0.336	79,855	
Pasadena Area Community College District Certificates of Participation	5.771	282,490	
San Gabriel Unified School District Certificates of Participation	1.197	113,356	
El Monte School District Certificates of Participation	10.850	549,010	
Rosemead School District Certificates of Participation	2.945	256,510	
Los Angeles County Sanitation District No. 15 Authority	7.539	3,291,193	
San Gabriel Valley Mosquito Abatement District Certificates of Participation	3.336	33,527	
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		$12,748,673	
Less: Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina Del Rey)		131,813	
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT		$12,616,860	
GROSS COMBINED TOTAL DEBT		$41,805,358	(2)
NET COMBINED TOTAL DEBT		$41,673,545	

Ratios to 2004-05 Assessed Valuation:

Direct Debt ..... - %
Total Direct and Overlapping Tax and Assessment Debt..... 1.24%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt..... 1.83%
Net Combined Total Debt..... 1.83%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/05: $0

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

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APPENDIX A

DEFINITIONS

The following are definitions of certain terms contained in the Indenture and used in this Official Statement.

Additional Bonds means bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) secured by a pledge of Pledged Tax Revenues on a parity with the Bonds.

Agency means the Temple City Community Redevelopment Agency.

Alternative Reserve Account Security means one or more letters of credit, surety bonds, bond insurance policies, or other form of guaranty from a financial institution for the benefit of the Trustee, the long-term, unsecured obligations of which are rated not less than "A" by Moody's Investors Services, or "A" by Standard & Poor's in substitution for or in place of all or any portion of the Reserve Requirement.

Annual Debt Service means, for any Bond Year, the principal and interest, including scheduled sinking fund payments, payable on the Outstanding Bonds in such Bond Year.

Authority means the Temple City Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State, including the Act.

Bond or Bonds means the "Temple City Community Redevelopment Agency, Rosemead Boulevard Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 2005."

Bondowner or Owner of Bonds, or any similar term, means any person who shall be the registered owner or his duly authorized attorney, trustee or representative of any Outstanding Bond.

Bond Year means the twelve (12) month period commencing on September 2 of each year and each anniversary date thereafter, provided that the first Bond Year shall extend from the Delivery Date to September 1, 2006.

Business Day means a day of the year other than a day on which banks in California or New York are required or authorized to remain closed.

Cede & Co. means the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

Certificate or Certificate of the Agency means a certificate signed by the Chairman or Executive Director of the Agency or their respective deputies.

Chairman means the chairman of the Agency appointed pursuant to Section 33113 of the Health and Safety Code of the State of California, or other duly appointed officer of the Agency authorized by the Agency by resolution or bylaw to perform the functions of the chairman in the event of the chairman's absence or disqualification.

City means the City of Temple City, California.

Code means the Internal Revenue Code of 1986, as amended and any regulations, rulings, judicial decisions, and notices, announcements and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

Computation Year means the twelve (12) month period commencing March 1 of each year and ending on the last day of February of the following year.

Continuing Disclosure Agreement means that certain Continuing Disclosure Agreement executed by the Agency and Urban Futures, Inc. as Dissemination Agent and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Costs of Issuance means the costs and expenses incurred in connection with the issuance and sale of the Bonds including the acceptance and initial fees and expenses of the Trustee, legal fees and expenses of the Trustee and the Agency, costs of printing the Bonds and Official Statement, fees of financial consultants and other fees and expenses set forth in a Certificate of the Agency.

County means the County of Los Angeles, California.

Delivery Date means the date the Bonds are delivered to the original purchaser thereof.

Depository means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to the Indenture.

DTC means The Depository Trust Company, New York, New York, and its successors and assigns.

Fiscal Year means any twelve (12) month period beginning on July 1st and ending on the next following June 30th.

Government Obligations means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury, and CATS and TGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

Gross Proceeds means the sum of the following amounts: (i) original proceeds, being the amounts received by the Agency, or held by the Trustee as proceeds of the original issuance of the Bonds (after payment of all expenses of issuing the Bonds); (ii) investment proceeds, being amounts received at any time by the Agency or the Trustee, such as interest and dividends, resulting from the investment of proceeds of the Bonds, including profits and less losses received on such investment; (iii) amounts, other than original proceeds and investment proceeds, held in any fund or account and reasonably expected to be used to pay principal of or interest on the Bonds; (iv) securities or obligations pledged as security for the payment of the Bonds by an ultimate obligor (or a related person) or the Agency; (v) amounts used to pay principal or interest with respect to the Bonds; and, (vi) amounts received as a result of investing the amounts listed in clauses (i) through (v).

Indenture means the Indenture of Trust between the Agency and the Trustee, dated as of September 1, 2005, as originally adopted or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions thereof.

Independent Financial Consultant, or Independent Redevelopment Consultant means any individual or firm engaged in the profession involved, appointed by the Agency, and who, or each of whom, has a favorable reputation in the field in which his/her opinion or certificate will be given, and:

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

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

(3) 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.

Interest Payment Date means March 1 and September 1 of each year commencing March 1, 2006.

Investment Property means any security, any obligation, any annuity contract and any investment-type property (other than any tax exempt bond, any demand deposit SLG and any qualified temporary investment within the meaning of paragraph (A)(4) or (5) of Section 148 of the Code), as determined pursuant to the Code and Regulations.

Law means the Community Redevelopment Law of the State of California (commencing with Health and Safety Code Section 33000).

Maximum Annual Debt Service means the maximum amount of scheduled principal and interest payable in any Bond Year from and after the date of calculation, including any scheduled sinking fund redemptions.

Moody's means Moody's Investor Service, Inc., New York, New York.

Opinion of Counsel means a written opinion of an attorney or firm of attorneys of favorable reputation in the field of municipal bond law. Any opinion of such counsel may be based upon, insofar as it is related to factual matters, information which is in the possession of the Agency as shown by a certificate or opinion of, or representation by, an officer or officers of the Agency, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which his or her opinion may be based, as aforesaid, is erroneous.

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

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

(b) Bonds paid or deemed to have been paid pursuant to the Indenture; and

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

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:

(i) Certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

(ii) Investments in any of the following obligations provided such obligations are backed by the full faith and credit of the United States (a) direct obligations or fully guaranteed certificates of beneficial interest of the Export- Import Bank of the United States, (b) debentures of the Federal Housing Administration, (c) guaranteed mortgage backed bonds of the Government National Mortgage Association, (d) certificates of beneficial interest of the Farmers Home Administration, (e) obligations of the Federal Financing Bank or (f) project notes and local authority bonds of the Department of Housing and Urban Development.

(iii) Investments in (a) senior obligations of the Federal Home Loan Bank System, (b) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (c) mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities that are

valued greater than par on the portion of unpaid principal) of the Federal National Mortgage Association or (d) senior debt obligations of the Student Loan Marketing Association.

(iv) Repurchase agreements with primary dealers and/or banks rated, at all times, AA and AA2 or better by Standard & Poor's Corporation and Moody's Investors Service, Inc., respectively, collateralized with the obligations described in (i) or (ii) above, held by a third party custodian, at the levels set forth below, which repurchase agreements have been approved by the Bond Insurer.

(v) S.E.C. registered money market mutual funds conforming to Rule 2a-7 of the Investment Company Act of 1940 that invest primarily in direct obligations issued by the U.S. Treasury and repurchase agreements backed by those obligations, including funds for which the Trustee or an affiliate of the Trustee acts as an advisor, and rated in the highest category by Standard & Poor's Corporation and Moody's Investors Service, Inc.

(vi) Certificates of deposit of any bank (including the Trustee or any affiliate thereof), trust company or savings and loan association whose short term obligations are rated, at all times, A-1 or better by Standard & Poor's Corporation and P-1 by Moody's Investors Service, Inc. provided that such certificates of deposit are fully secured by the obligations described in (i) or (ii) above, at the levels set forth below, the Trustee has a perfected first security interest in the obligations securing the certificates and the Trustee holds (or shall have the option to appoint a bank, trust company or savings and loan association as its agent to hold) the obligations securing the certificates.

(vii) Certificates of deposit of any bank (including the Trustee or any affiliate thereof), trust company or savings and loan association which certificates are fully insured by the Federal Deposit Insurance Corporation.

(viii) Commercial paper rated, at all times, P-1 or better by Moody's Investors Service, Inc. and A-1+ by Standard & Poor's Corporation.

(ix) Obligations of, or obligations fully guaranteed by, any state of the United States of America or any political subdivision thereof which obligations, at all times, are rated by Standard & Poor's Corporation and Moody's Investors Service, Inc. in the highest rating categories (without regard to any refinement or graduation of rating category by numerical modifier or otherwise) and without regard to credit enhancement assigned by such rating agencies to obligations of that nature.

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

Pledged Tax Revenues means the Tax Revenues.

Project Area means the project area described and defined in the Redevelopment Plan.

Rating Agencies shall mean Standard & Poor's Ratings Group, New York, New York and Moody's Investors Service, Inc., New York, New York, or their respective successors and assigns.

Redevelopment Plan means the Redevelopment Plan for the Rosemead Boulevard Redevelopment Project, approved and adopted by the City Council of the City of Temple City and includes any amendment thereof, theretofore or thereafter made pursuant to the Law.

Redevelopment Project means the Rosemead Boulevard Redevelopment Project.

Refunded Bonds means the Agency's $4,645,000 principal amount of the Temple City Financing Authority, 1993 Revenue Bonds (Rosemead Boulevard Redevelopment Project).

Refunded Bonds Escrow Agreement means the Escrow Agreement dated as of September 1, 2005 by and between the Agency and the Refunded Bonds Escrow Bank, together with any amendments thereto.

Refunded Bonds Escrow Bank means The Bank of New York Trust Company, N.A.

Refunded Bonds Indenture means the Indenture of Trust, dated as of December 15, 1993, by and between the Authority and the Trustee for the Refunded Bonds.

Regular Record Date means the close of business on February 15 or August 15, preceding each Interest Payment Date, as applicable.

Regulations means the regulations adopted by the Department of Treasury from time to time.

Report means a document in writing signed by an Independent Financial Consultant and including:

(a) A statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates;

(b) A brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(c) A statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

Reserve Requirement means, as of the date of computation, an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds and any Parity Bonds, (ii) 10% of the net proceeds of the Bonds and any Parity Bonds, or (iii) 125% of the Annual Debt Service on all Bonds and Parity Bonds Outstanding.

Revenues means the Pledged Tax Revenues together with all other moneys held by the Trustee in any Fund or Account and the interest earnings thereon.

S&P means Standard and Poors Ratings Group, New York, New York.

Securities Depositories means The Depository Trust Company, 711 Stewart Avenue, Garden Agency, New York 11530, Fax (516) 277-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496-5058; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Agency may designate in a written request of the Agency delivered to the Trustee.

SLG means U.S. Treasury Securities State and Local Government Series.

State means the State of California.

Supplemental Indenture or supplemental indenture means any indenture then in full force and effect which has been duly entered into by the Agency under the Law, or any act supplementary thereto and amendatory thereof, at a meeting of the Agency duly convened and held, at which a quorum was present and acted thereon, amendatory of or supplemental to the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized thereunder.

Tax Certificate means that certain Tax Certificate executed in connection with the issuance of the Bonds or any Additional Bonds.

Tax Revenues means that portion of taxes levied upon taxable property in the Project Area but excluding that portion of the taxes which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, and received by 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 as provided in the Redevelopment Plan, and (to the extent permitted by law) all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations as more fully described under the heading "SECURITY FOR THE BONDS."

Treasurer or Treasurer of the Agency means the officer who is then performing the functions of Treasurer of the Agency.

Trustee means the trustee appointed by the Agency pursuant to the Indenture, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Indenture.

APPENDIX B

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Temple City Community Redevelopment Agency (the "Agency") and Urban Futures, Inc. (the "Dissemination Agent") in connection with the issuance of the Agency's $8,000,000 Temple City Community Redevelopment Agency, Rosemead Boulevard Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 2005 (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2005 (the "Indenture"), by and between the Agency and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The Agency Covenants and agrees as follows:

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

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

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

"Dissemination Agent" shall mean Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency and the Trustee a written acceptance of such designation.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

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

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

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

Section 3. Provisions of Annual Reports

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Agency's fiscal year (which date currently would be March 31, based upon the June 30 end of the Agency's fiscal year), commencing with the report for the 2004-2005 fiscal year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Agency is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Agency shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

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

(ii) if the Dissemination Agent is other than the Agency, and if, and to the extent, the Agency has provided an Annual Report in final form to the Dissemination Agent for dissemination, file a report with the Agency certifying that the Annual Report has been provided to the Repositories pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

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

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

(b) The following financial information and operating data set forth in the final Official Statement:

(i) The information for the most recent Fiscal Year substantially in the format set forth under the heading "PLEDGED TAX REVENUES — Schedule of Historical Pledged Tax Revenues."

(ii) The information for the most recent fiscal year substantially in the format set forth under the heading "THE PROJECT AREA — Largest Local Secured Taxpayers."

(iii) The information concerning assessed valuation appeals within the Project Area to the extent the appeals would result in a reduction in a assessed value that materially reduces Pledged Tax Revenues.

(iv) A description of new amendments to the Redevelopment Plan, adopted during the report fiscal year.

(v) A description of all litigation, of which the Agency is aware, effecting the Redevelopment Plan or the receipt of Pledged Tax Revenues.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the security.

(vii) Modifications to rights of security holders.

(viii) Contingent or unscheduled bond calls.

(ix) Defeasances.

(x) Release, substitution, or sale of property securing repayment of the securities.

(xi) Rating changes

(b) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall as soon as possible determine if such event would be material under applicable Federal securities law. The Dissemination Agent shall have no responsibility for such determination and shall be entitled to conclusively rely on the Agency's determination.

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

Section 6. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent.

(a) The Agency hereby appoints and engages Urban Futures, Inc. as the Dissemination Agent to assist it in carrying out is obligations under this Disclosure Agreement. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Agreement. The Agency may replace the Dissemination Agent with or without cause. If at the time there is no designated Dissemination Agent appointed by the Agency, the Agency shall be the Dissemination Agent and undertake or assume its obligations hereunder.

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 Dissemination Agent may resign its duties hereunder at any time upon written notice to the Agency.

(b) The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees agreed to between the Dissemination Agent and the Agency from time to time and for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have not duty or obligation to review any information provided to it by the Agency hereunder and shall not be deemed to be acting in any fiduciary capacity for the Agency, holders or beneficial owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Agency or an opinion of nationally recognized bond counsel.

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

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or 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 compiled with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

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

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

No amendment to this Agreement which modifies the duties or rights of the Dissemination Agent shall be made without the prior written consent of the Dissemination Agent.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in the Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically equipped by this Disclosure Agreement, the Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Agreement, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. All of the immunities, indemnities, and exceptions from liability in Article IX of the Indenture insofar as they relate to the Trustee shall apply to the Trustee and the Dissemination Agent in this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Agency or an opinion of nationally recognized bond counsel. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Trustee or Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement.

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Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2005

TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY

_____
Authorized Officer

URBAN FUTURES, INC., as Dissemination Agent

_____
Authorized Officer

EXHIBIT A

NOTICE OF MUNICIPAL SECURITIES RULEMAKING
BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Temple City Community Redevelopment Agency

Name of Bond Issue: $8,000,000 Rosemead Boulevard Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 2005

Date of Issuance: _____, 2005

NOTICE IS HEREBY GIVEN that the Temple City Community Redevelopment Agency (the "Issuer") has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture, dated as of September 1, 2005, by and between the Issuer and The Bank of New York Trust Company, N.A., as trustee. The Issuer anticipates that the Annual Report will be filed by _____.

Date:_____, 2005

TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY

By:_____
Title:_____

cc:

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APPENDIX C

FISCAL CONSULTANT'S REPORT

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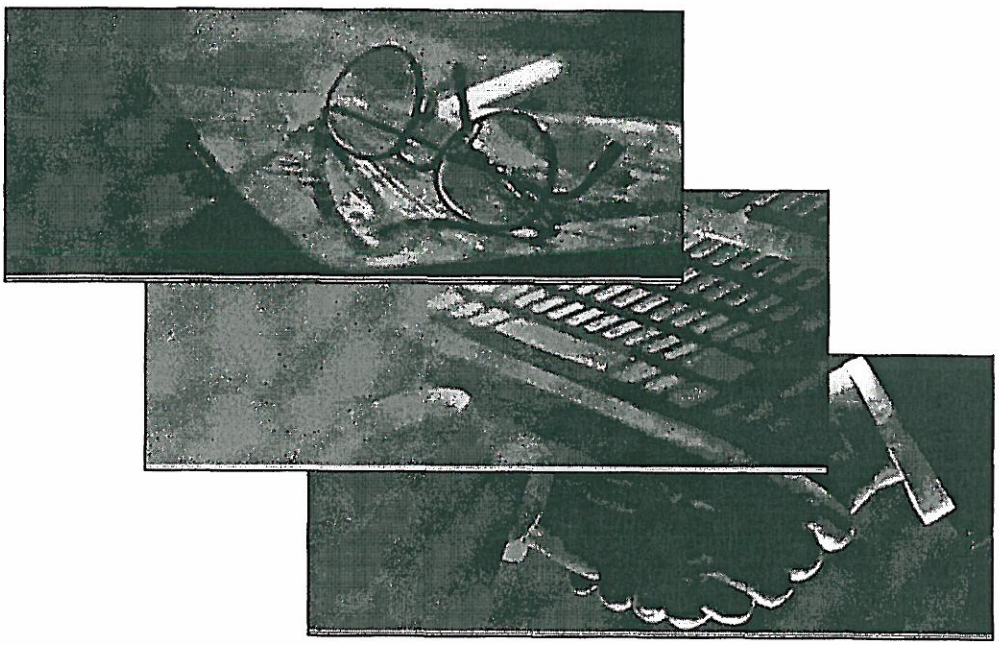
Financial Advisor Report of Tax Increment

August 22, 2005



For the:
Temple City Community Redevelopment Agency

Prepared by

Urban Futures Incorporated
Since 1974

URBAN
FUTURES
INCORPORATED

Finance • Redevelopment • Implementation • Planning • Bond Administration

August 22, 2005

Mr. Charles R. Martin
Interim Executive Director
Temple City Community Redevelopment
Agency
9701 Las Tunas Drive
Temple City, CA 91780

RE: Temple City Community Redevelopment Agency
Rosemead Boulevard Redevelopment Project
2005 Tax Allocation Refunding Bonds

Dear Mr. Martin:

Urban Futures, Inc. (UFI) is pleased to present this report of projected tax increment revenues to the Temple City Community Redevelopment Agency (the "Agency") for the Rosemead Boulevard Redevelopment Project Area (the "Project Area"). The following information is included as exhibits to this report:

Exhibit A:	Tax Increment Projections
Exhibit B:	Historical Assessed Valuation
Exhibit C:	Ten Largest Secured Taxpayers
Exhibit D:	Land Uses
Exhibit E:	Historical Assessment Appeals

Projected taxable valuations and tax revenues contained in this report are based on assumptions derived from the following information:

1. Historical growth trends;

2. Trended growth in valuation as permitted by Article XIIIA of the California Constitution (Proposition 13);

3. Financial reports and information supplied or prepared by the Agency; and

4. Assessed valuation information provided by the County of Los Angeles, from the offices of the Auditor-Controller and Assessor.

The purpose of the projections is to demonstrate the availability of tax increment expected to be generated from the Project Area, to secure debt service requirements of the Agency for its Tax Allocation Refunding Bonds, Rosemead Boulevard Redevelopment Project Area, Issue of 2005.

Revenue projections have been conservatively estimated in order to reduce the risk of overstating future tax increment revenues.

General Projection Assumptions

1. The revenue projections assume an assessed valuation growth rate of two percent (2%) annually in the Rosemead Boulevard Redevelopment Project Area, representing the two percent (2%) annual inflation increase allowable under Proposition 13. (See: Exhibit A).

2. The Project Area tax rate is assumed to be 1% in FY 2004-05 and thereafter.

Project Areas

The Redevelopment Plan (the "Plan") for the Rosemead Boulevard Redevelopment Project was approved by City Ordinance No. 72-350 on May 16, 1972, and was amended to include certain time and fiscal limitations by Ordinance No. 86-598 on December 16, 1986. Such time and fiscal limitations were subsequently amended by Ordinance No. 93-758U on December 21, 1993, by Ordinance No. 94-771 on December 6, 1994, by Ordinance No. 99-833 on March 16, 1999, by Ordinance No. 04-892 on January 20, 2004, and by Ordinance No. 05-900 on August 2, 2005.

Tables 1 and 2 below illustrate general information regarding the Project Area.

TABLE 1: PROJECT AREA GENERAL INFORMATION

DESCRIPTION	DATE OF ADOPTION	ORDINANCE NO.	ACTION
Rosemead Boulevard Project Area	May 16, 1972	Ordinance No. 72-350	Adopted Original Plan
First Amendment to the Plan	December 16, 1986	Ordinance No. 86-598	Fiscal and time limitations contained in the Plan were amended
Second Amendment to the Plan	December 21, 1993	Ordinance No. 93-758U	Increased cumulative tax increment maximum amount
Third Amendment to the Plan	December 6, 1994	Ordinance No. 94-771	Fiscal and time limitations contained in the Plan were amended, pursuant to AB 1290 mandates.
Fourth Amendment to the Plan	March 16, 1999	Ordinance No. 99-833	Time limitations contained in the Plan were amended and restated
Fifth Amendment to the Plan	January 20, 2004	Ordinance No. 04-892	Restored eminent domain authority, to expire June 15, 2012
Sixth Amendment to the Plan	August 2, 2005	Ordinance No. 05-900	Eliminated debt incurrence deadline, and added three years to the Plan term and t.i. collection final date

TABLE 2: REDEVELOPMENT PLAN LIMITATION DATES AND AMOUNTS					
DESCRIPTION	Time Limits			Dollar Limits	
	Debt Incurrence	Plan Effectiveness	Debt Repayment	Cumulative Tax Increment	Outstanding Bond Debt
Rosemead Project Area	(Eliminated)	June 15, 2015	June 15, 2025	$30,000,000	No Limit

Project Tax Rate Areas

The tax rate area numbers used by the Los Angeles County Auditor-Controller's Office to identify tax revenue apportionment for the Project Area are summarized in Table 3 below.

TABLE 3: PROJECT TAX RATE AREA ID NUMBERS
08463, 08464, 08466, 09280

Low- and Moderate-Income Housing Set-Aside

Pursuant to Section 33334.2 of California Redevelopment Law, the Agency must set aside 20 percent of annual tax increment allocated to the Agency, for use in projects benefiting low- and moderate- income housing (the "LMI Housing Set-Aside"). LMI Housing Set-Aside has been included in the Pledged Tax Revenues that are included in Exhibit A.

Pass Through Agreements

The Agency has not entered into any tax sharing agreements with taxing entities in the Project Area.

As a result of eliminating the debt incurrence deadline (Ordinance No. 05-900), the Agency is obligated under Health & Safety Code Section 33607.7 (the "AB 1290 Pass Through Formula") to share tax increment revenues generated in the Project Areas with affected taxing entities, commencing in FY 2005-06. The Adjusted Base Year for the purposes of such pass through calculation will be FY 2003-04. Generally, the AB 1290 Pass Through Formula is as follows:

	Pass Through(1)
Tier A (Years 1-10)	25%
Tier B (Years 11-30)	21% + Tier A
Tier C (Years 31-40)	14% + Tiers A & B

(1) Percentage of entity's share of tax increment reduced by pro-rata share of Agency's low and moderate housing set-aside.

The County of Los Angeles Auditor-Controller will deduct administration charges from the tax increment distributed to the Agency for the Project Area. The estimated administration charges (1.7% of gross tax increment) have been deducted from the projected Tax Increment Revenues (see: Exhibit A).

Assessment Appeals

In Los Angeles County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the Los Angeles County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. The Appeals Board, within two years of each applicant's filing date,

will hold a hearing and then either reduce the assessment or confirm the assessment.

Current appeals pending in the Rosemead Boulevard Redevelopment Project represent real property with a total assessed valuation of $16,601,588. Based on the actual valuation reductions allowed by the Appeals Board for property in the Rosemead Boulevard Redevelopment Project over the last five years, it is estimated that the current appeals pending could result in a valuation reduction in the Rosemead Boulevard Redevelopment Project of approximately $204,200, which would then reduce the gross tax increment amount by approximately $2,042. This estimated amount has not been deducted from the projections of tax increment in Exhibit A, as the outcome of the pending appeals cannot be predicted with certainty.

* * * * *

While UFI has taken steps to assure the accuracy of the data used in the formulation of these projections, we cannot insure that projected valuations will, in fact, be realized because actual values will most likely be affected by future events and conditions that cannot be predicted with certainty.

We believe that this report provides the Temple City Community Redevelopment Agency with a reasonable basis for demonstrating the available tax increment revenues of the Rosemead Boulevard Redevelopment Project. We are available to answer any questions that you may have regarding this information.

Sincerely,

URBAN FUTURES, INC.

Douglas P. Anderson
Vice President

Exhibit A

TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY
ROSEMEAD BOULEVARD PROJECT

Projected Assessed Values
and Pledged Tax Increment

Fiscal Year	(1) Taxable Valuation	(2) Incremental Valuation	(3) Tax Revenues	(4) Less: Pass Throughs	(5) County Tax Admin. Fees	(6) Pledged Tax Revenues
2004-05	$ 76,904,089	$ 69,538,969	$ 701,691		$ 11,791	$ 689,900
2005-06	85,516,617	78,151,497	787,816	$ 16,698	13,393	757,725
2006-07	87,226,949	79,861,829	804,919	20,119	13,684	771,117
2007-08	88,971,488	81,606,368	822,365	23,608	13,980	784,776
2008-09	90,750,918	83,385,798	840,159	27,167	14,283	798,709
2009-10	92,565,936	85,200,816	858,309	30,797	14,591	812,921
2010-11	94,417,255	87,052,135	876,822	34,500	14,906	827,417
2011-12	96,305,600	88,940,480	895,706	38,276	15,227	842,203
2012-13	98,231,712	90,866,592	914,967	42,129	15,554	857,284
2013-14	100,196,347	92,831,227	934,613	46,058	15,888	872,667
2014-15	102,200,273	94,835,153	954,653	50,066	16,229	888,358
2015-16	104,244,279	96,879,159	975,093	57,588	16,577	900,928
2016-17	106,329,165	98,964,045	995,941	65,260	16,931	913,750
2017-18	108,455,748	101,090,628	1,017,207	73,086	17,293	926,829
2018-19	110,624,863	103,259,743	1,038,898	81,068	17,661	940,169
2019-20	112,837,360	105,472,240	1,061,023	89,210	18,037	953,776
2020-21	115,094,107	107,728,987	1,083,591	97,515	18,421	967,655
2021-22	117,395,989	110,030,869	1,106,610	105,986	18,812	981,811
2022-23*	119,743,909	112,378,789	1,130,089	114,626	19,212	996,251
2023-24*	122,138,787	114,773,667	1,154,038	123,439	19,619	1,010,980
2024-25*	124,581,563	117,216,443	1,178,465	132,429	20,034	1,026,003

* Pursuant to Ordinance No. 05-900, an additional three years has been added to the termination date of the Plan (from 6/15/12 to 6/15/15), and the Agency may collect tax increment for ten years beyond the Plan termination date, to pay Agency indebtedness.

(1) Actual valuation for FY 2004-05 and 2005-06 provided by Los Angeles County Auditor-Controller. Assessed valuation increased by a 2% growth factor for FY 2006-07 and thereafter.

(2) Taxable Assessed Valuation less the base year assessed valuation of $7,365,120.

(3) Tax Revenues based on a 1.00% tax rate, and include Unitary revenues in the amount of $6,301.

(4) Pass Throughs based on Section 33607.7 pass through formula, with adjusted base of FY 03-04.

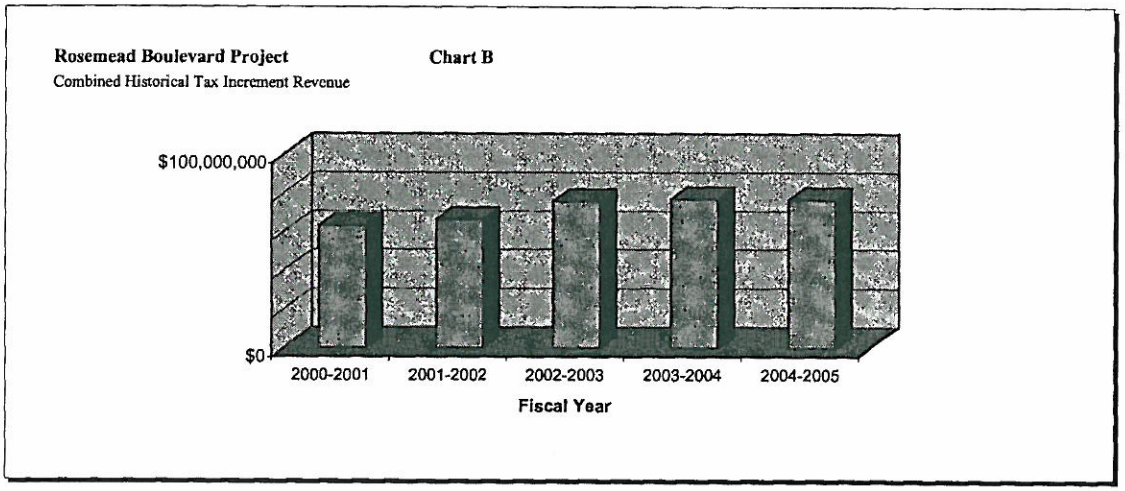
(5) County tax administration fees (SB 2557) are actual for FY 04-05, and estimated based on 1.7% of Tax Revenues thereafter.

(6) Pledged Tax Revenues include LMI Housing Set-Aside amounts.

TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY
ROSEMEAD BOULEVARD PROJECT

Historical Assessed Values

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Secured	$ 57,615,611	$ 59,802,863	$ 69,308,219	$ 70,248,682	$ 70,977,861
Unsecured	$ 5,682,776	$ 6,761,077	$ 6,630,918	$ 6,897,773	$ 5,926,228
Total AV	$ 63,298,387	$ 66,563,940	$ 75,939,137	$ 77,146,455	$ 76,904,089

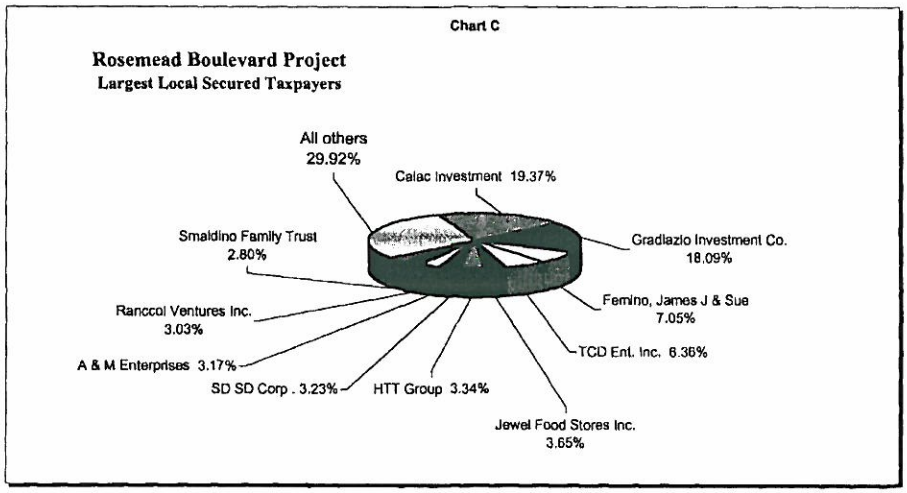


TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY
ROSEMEAD BOULEVARD PROJECT

Largest Local Secured Taxpayers
FY 2004-05

	Taxpayer	Land Use	FY 2004-05 Assessed Valuation	Percent of Total A.V. (1)
1.	Calac Investment	Commercial: Shopping Center	13,744,879	19.37%
2.	Gradiazio Investment Co.	Commercial: Shopping Center	12,839,259	18.09%
3.	Femino, James J & Sue	Commercial: Shopping Center	5,001,441	7.05%
4.	TCD Ent. Inc.	Theater: Indoor Movie	4,514,596	6.36%
5.	Jewel Food Stores Inc.	Commercial: Shopping Center	2,592,307	3.65%
6.	HTT Group	Commercial: Store & Office Combination	2,370,976	3.34%
7.	SD SD Corp .	Com,ercial: Store & Residential Combination	2,294,043	3.23%
8	A & M Enterprises	Commercial: Parking Lot	2,248,653	3.17%
9	Ranccol Ventures Inc.	Com,ercial: Store & Residential Combination	2,148,047	3.03%
10.	Smaldino Family Trust	Commercial: Stores	1,986,534	2.80%
	Total		$ 49,740,735	70.08%

(1) Based on Fiscal Year 2004-05 secured assessed valuation: $ 70,977,861
Source: Urban Futures, Inc.



TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY
ROSEMEAD BOULEVARD PROJECT

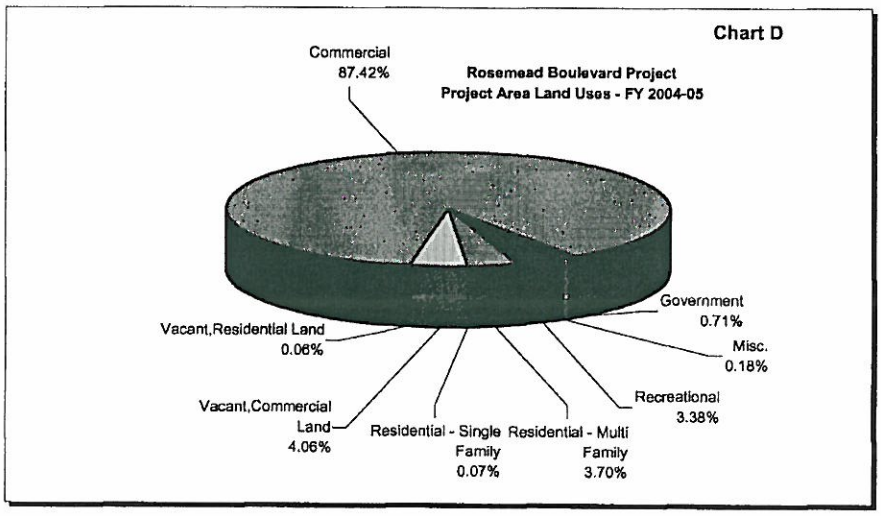
Project Area Land Uses
FY 2004-05

Set forth below is a summary of the land uses in the Project Area based on the 2004-05 secured property tax roll.

Land Use	Number of Parcels	2004-05 Secured Assessed Valuation	Percent of Secured A.V.
Commercial	49	62,046,599	87.42%
Government	14	500,737	0.71%
Industrial	1	299,150	0.42%
Misc.	1	127,056	0.18%
Recreational	1	2,398,381	3.38%
Residential - Multi Family	7	2,628,586	3.70%
Residential - Single Family	1	49,845	0.07%
Vacant,Commercial Land	14	2,882,252	4.06%
Vacant,Residential Land	4	45,255	0.06%
Total	92	$ 70,977,861	100.00%

source: Urban Futures, Inc.

$ 70,977,861



TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY
ROSEMEAD BOULEVARD PROJECT

Historical Assessement Appeals
Calendar Year 1999 to Present

	Current Assessment Appeals Outstanding (Original AV)	5 Year History of Appeals (original AV)	5 Year History of Reductions Allowed (net reduction amount)	5 Year Historical Percentage of Appeals Allowed
ROSEMEAD BOULEVARD PROJECT	$16,601,588	$75,866,870	$931,452	1.23%

APPENDIX D

FORM OF BOND COUNSEL OPINION

September 15, 2005

City of Temple City
Community Redevelopment Agency
9701 Las Tunas Drive
Temple City, CA 91780-2249

BOND COUNSEL OPINION:

Re: $8,000,000 Temple City Community Redevelopment Agency (Rosemead Boulevard Redevelopment Project) 2005 Tax Allocation Refunding Bonds

Members of the Agency:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Temple City Community Redevelopment Agency (the "Agency") taken in connection with the authorization and issuance of its Temple City Community Redevelopment Agency (Rosemead Boulevard Redevelopment Project) 2005 Tax Allocation Refunding Bonds, Issue of 2005 in the aggregate principal amount of $8,000,000 (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we also have relied upon certain representations of fact and certifications made by the Agency, the Trustee, the purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to Part I of Division 24 of the Health and Safety Code of the State of California, as amended, (the "Law") and the Indenture of Trust dated as of September 1, 2005 (the "Indenture") which was approved by the Temple City Community Redevelopment Agency resolution adopted on July 19, 2005 (the "Resolution").

The Bonds are dated as of September 15, 2005 and mature on the dates and bear interest payable on the dates and at the rates per annum set forth in the Indenture. The Bonds are registered Bonds in the form set forth in the Indenture, redeemable in the amounts, at the times and in the manner provided for in the Indenture and the Bonds.

Based upon our examination of all of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the Agency and are legal, valid and binding special obligations of the Agency, secured and payable solely from Pledged Tax Revenues (as defined in the Indenture) and other sources as and to the extent provided for in the Indenture. The Bonds are enforceable in accordance with their terms and the terms of the Indenture, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity. The Bonds are not a debt of the Temple City Community Redevelopment Agency, the State of California or any other political subdivisions thereof and neither the Temple City Community Redevelopment Agency nor the State of California or any of its political subdivisions is liable for the payment thereof.

(2) The Indenture has been duly authorized by the Agency, is valid and binding upon the Agency and is enforceable in accordance with its terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity.

(3) The Indenture creates a valid pledge of that which the Indenture purports to pledge, subject to the provisions of the Indenture, except to the extent that the enforceability of the Indenture may be limited by moratorium, bankruptcy, reorganization, insolvency or other laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity.

(4) Assuming continuing compliance with the covenants and agreements contained in the Indenture, under existing laws, regulations, rulings and judicial decisions, 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; however, it should be noted that, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

(5) Under existing laws, interest on the Bonds is exempt from present State of California personal income taxation.

The opinion set forth in paragraph (4) above is subject to the condition that the Agency complies with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest due with respect thereto be excusable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Agency has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the foregoing opinions and the exclusion from gross income of interest on the Bonds may be affected by actions taken or events occurring after the date hereof and could result in the inclusion of such interest in gross income retroactive to the date of issuance of the Bonds. We have not undertaken to determine, or to inform any person, whether such actions or events arc taken or occur.

Respectfully submitted,

HARPER & BURNS LLP

By: _____
John R. Harper