

MEETING DATE: 06/23/2014

**AGENDA ITEM: JOINT CITY COUNCIL-SUCCESSOR AGENCY AGENDA
ITEM: Adoption of a Resolution (1) Approving a Master Agreement
Regarding Retention and Expenditure of Bond Proceeds between the City
of Culver City and the Successor Agency to the Culver City
Redevelopment Agency Pursuant to California Health and Safety Code
Section 34191.4(c); and (2) Approving Related Actions.**

ATTACHMENTS

	<u>Pages</u>
1. Proposed Successor Agency resolution approving the Successor Agency's entry into the Master Agreement.	1 - 407
2. Proposed City Council resolution approving the City's entry into the Master Agreement.	408 - 413

RESOLUTION NO. 2014-SA_____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE CULVER CITY REDEVELOPMENT AGENCY, CALIFORNIA, APPROVING, AND RECOMMENDING TO ITS OVERSIGHT BOARD APPROVAL OF, A MASTER AGREEMENT REGARDING RETENTION AND EXPENDITURE OF BOND PROCEEDS BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF CULVER CITY.

WHEREAS, pursuant to authority granted under the California Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.) (the "CRL"), the former Culver City Redevelopment Agency, a public body, corporate and politic (the "Former CCRA") had the responsibility to implement the amended and restated Redevelopment Plan for the Culver City Redevelopment Project (the "Redevelopment Plan") for an area within the City of Culver City known as the Culver City Redevelopment Project Area (the "Project Area"), which Project Area was duly established by the City Council of the City of Culver City (the "City Council") on November 23, 1998 by Ordinance Nos. 98-014 and 98-015; and,

WHEREAS, pursuant to an Indenture dated as of October 1, 1999, executed by and between the Former CCRA and U.S. Bank, N.A. (the "Trustee") (the "Indenture"), the Former CCRA issued Tax Allocation Refunding Bonds, 1999 Series A, in the principal amount of \$31,940,000 (the "1999 Bonds"). Pursuant to page 6 of the Official Statement for the 1999 Bonds, the 1999 Bonds are required to be used to provide financing for, inter alia, "a wide variety of projects to implement the Redevelopment Plan for the Project Area. Some of the currently contemplated projects include funding the costs of public improvements and public facilities, streetscape and infrastructure improvements, off-street parking facilities and commercial rehabilitation grants"; and,

1 WHEREAS, pursuant to the Indenture, as amended by a First Supplemental
2 Indenture dated as of April 1, 2002, executed by and between the Former CCRA and the
3 Trustee, the Former CCRA issued Tax Allocation Bonds, 2002 Series A, in the principal
4 amount of \$28,280,000 (the "2002 Bonds"). Pursuant to page 3 of the Official Statement for
5 the 2002 Bonds, the 2002 Bonds are required to be used to provide financing for, inter alia, "a
6 wide variety of projects to implement the Redevelopment Plan for the Project Area. Some of
7 the currently contemplated projects include funding the costs of public improvements and
8 public facilities, streetscape and infrastructure improvements, off-street parking facilities and
9 commercial rehabilitation grants"; and,
10

11 WHEREAS, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) (referred to
12 herein as "Dissolution Act") was signed by the Governor of California on June 28, 2011,
13 making certain changes to the CRL and to the California Health and Safety Code ("H&S
14 Code") including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85
15 (commencing with Section 34170) ("Part 1.85") to Division 24 of the H&S Code; and,
16

17 WHEREAS, on December 29, 2011, the California Supreme Court delivered its
18 decision in *California Redevelopment Association v. Matosantos*, finding the Dissolution Act
19 largely constitutional and reformed certain deadlines set forth in the Dissolution Act; and,
20

21 WHEREAS, pursuant to the Dissolution Act, as modified by the California
22 Supreme Court on December 29, 2011 by its decision in *California Redevelopment*
23 *Association v. Matosantos*, all California redevelopment agencies, including the Culver City
24 Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were
25 designated and vested with the responsibility of paying, performing and enforcing the
26 enforceable obligations of the former redevelopment agencies and expeditiously winding
27 down the business and fiscal affairs of the former redevelopment agencies; and,
28

1 WHEREAS, the City Council of the City of Culver City adopted Resolution No.
2 2012-R001 on January 9, 2012, pursuant to Part 1.85 of the Dissolution Act, accepting for the
3 City the role of successor agency to the Former CCRA ("Successor Agency"); and,

4 WHEREAS, on February 6, 2012, the Board of Directors of the Successor
5 Agency, adopted Resolution No. 2012-SA001 naming itself the "Successor Agency to the
6 Culver City Redevelopment Agency", the sole name by which it will exercise its powers and
7 fulfill its duties pursuant to Part 1.85 of the Dissolution Act and establishing itself as a
8 separate legal entity with rules and regulations that will apply to the governance and
9 operations of the Successor Agency; and,

11 WHEREAS, California H & S Code Section 34191.4(c) provides that once a
12 finding of completion ("FOC") has been issued by the California Department of Finance (the
13 "DOF"), a successor agency is authorized to use bond proceeds for the purposes for which
14 the bonds were sold. Such successor agency may designate the use of and commit
15 indebtedness obligation proceeds that were derived from indebtedness issued for
16 redevelopment purposes on or before December 31, 2010 that remain available after the
17 satisfaction of enforceable obligations that have been approved on a Recognized Obligation
18 Payment Schedule and that are consistent with the indebtedness obligation covenants
19 (collectively, the "Bond Proceeds"); and,

21 WHEREAS, the DOF issued an FOC to the Successor Agency on December 5,
22 2013; and,

24 WHEREAS, the Bond Proceeds have been transferred to the City; and,

25 WHEREAS, as of May 31, 2014, the following amounts of Bond Proceeds are
26 available: (i) 1999 Bonds: \$2,772,076 and (ii) 2002 Bonds: \$13,965,558; and,

1 WHEREAS, the oversight board has been established for the Successor
2 Agency ("Oversight Board") and all seven (7) members have been appointed to the Oversight
3 Board pursuant to H&S Code Section 34179. The duties and responsibilities of the Oversight
4 Board are primarily set forth in H&S Code Sections 34179 through 34181 of the Dissolution
5 Act; and,

6 WHEREAS, subject to approval of the Oversight Board, the Successor Agency
7 desires to enter into with the City a Master Agreement Regarding Retention And Expenditure
8 Of Bond Proceeds ("Master Agreement"), the text of which is attached hereto as Exhibit "A",
9 in order to use the Bond Proceeds for the purposes identified in and consistent with the
10 applicable indebtedness obligation covenants and the requirements of the CRL by providing
11 for the City to retain the transferred Bond Proceeds and to use them for such purposes; and,

12 WHEREAS, pursuant to California Health and Safety Code Section 34180(h),
13 upon approval of this Resolution by the Board of Directors, the Successor Agency would
14 submit the Master Agreement to the Oversight Board and request its approval to enter into
15 the Master Agreement prior to executing it; and,

16 WHEREAS, the activity proposed for approval by this Resolution has been
17 reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"),
18 the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 et seq.,
19 hereafter the "Guidelines"), and the City's environmental evaluation procedures. The activity
20 proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term
21 is defined by Guidelines Section 15378, because the activity is an organizational or
22 administrative activity that will not result in a direct or indirect physical change in the
23 environment, per Section 15378(b)(5) of the Guidelines; and,

1 WHEREAS, all other legal prerequisites to the adoption of this Resolution have
2 occurred.

3 NOW, THEREFORE, the Board of Directors of the Successor Agency DOES
4 HEREBY RESOLVE as follows:

5 SECTION 1. The foregoing recitals are true and correct.

6 SECTION 2. All legal prerequisites to the adoption of this Resolution have
7 occurred.

8 SECTION 3. The Successor Agency Board hereby approves, and recommends
9 to its Oversight Board approval of, the Master Agreement between the Successor Agency
10 and the City of Culver City.

11 SECTION 4. The Successor Agency Board hereby authorizes and directs, and
12 recommends to its Oversight Board that it authorize and direct, the Executive Director of the
13 Successor Agency or designee (i) to take all actions and to execute any and all documents,
14 instruments, and agreements necessary or desirable on behalf of the Successor Agency, as
15 approved by the Executive Director and Successor Agency General Counsel, including
16 without limitation the Master Agreement, in order to implement and effectuate the Master
17 Agreement and all other actions approved by this Resolution, including, without limitation,
18 approving changes, implementations, or revisions to documents, instruments, and
19 agreements as determined necessary by the Executive Director, or designee; and (ii) to
20 administer the City's obligations, responsibilities, and duties to be performed pursuant to this
21 Resolution and all documents, instruments, and agreements required by the Master
22 Agreement.

23 SECTION 5. If any provision of this Resolution or the application of any such
24 provision to any person or circumstance is held invalid, such invalidity shall not affect other
25

1 provisions or applications of this Resolution that can be given effect without the invalid
2 provision or application, and to this end the provisions of this Resolution are severable. The
3 Successor Agency declares that its Board of Directors would have adopted this Resolution
4 irrespective of the invalidity of any particular portion of this Resolution.

5 SECTION 6. The adoption of this Resolution is not intended to and shall not
6 constitute a waiver by the Successor Agency of any constitutional, legal or equitable rights
7 that the City may have to challenge, through any administrative or judicial proceedings, the
8 effectiveness and/or legality of all or any portion of the Dissolution Act, any determinations
9 rendered or actions or omissions to act by any public agency or government entity or division
10 in the implementation of the Dissolution Act, and any and all related legal and factual issues,
11 and the Successor Agency expressly reserves any and all rights, privileges, and defenses
12 available under law and equity.
13

14 SECTION 7. The Successor Agency hereby determines that the activity
15 approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined
16 by Guidelines Section 15378, because the activity approved by this Resolution is an
17 organizational or administrative activity that will not result in a direct or indirect physical
18 change in the environment, per Section 15378(b)(5) of the Guidelines.
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SECTION 8. This Resolution shall take effect upon the date of its adoption.

APPROVED AND ADOPTED, this ____ day of _____, 2014.

MEGHAN SAHLI-WELLS, Chair
Successor Agency to the Culver City
Redevelopment Agency

ATTEST:

APPROVED AS TO FORM:

MARTIN R. COLE, Secretary

A14-00500



CAROL SCHWAB, Successor Agency
General Counsel

**MASTER AGREEMENT
REGARDING RETENTION AND EXPENDITURE OF BOND PROCEEDS**

This Master Agreement Regarding Retention And Expenditure Of Bond Proceeds (this “**Agreement**”) is dated as of June 23, 2014 and is entered into by and between THE SUCCESSOR AGENCY TO THE CULVER CITY REDEVELOPMENT AGENCY, a public body, corporate and politic (the “**Successor Agency**”) and THE CITY OF CULVER CITY, a municipal corporation (the “**City**”). The Successor Agency and the City are hereinafter collectively referred to as the “**Parties**”.

RECITALS

A. Pursuant to authority granted under the California Community Redevelopment Law (California Health and Safety Code (“**H&S Code**”) Section 33000 et seq.) (the “**CRL**”), the former Culver City Redevelopment Agency, a public body, corporate and politic (the “**Former CCRA**”) had the responsibility to implement the amended and restated Redevelopment Plan for the Culver City Redevelopment Project (the “**Redevelopment Plan**”) for an area within the City of Culver City known as the Culver City Redevelopment Project Area (the “**Project Area**”), which Project Area was duly established by the City Council of the City of Culver City (the “**City Council**”) on November 23, 1998 by Ordinance Nos. 98-014 and 98-015.

B. Pursuant to an Indenture dated as of October 1, 1999, executed by and between the Former CCRA and U.S. Bank, N.A. (the “**Trustee**”) (the “**Indenture**”), the Former CCRA issued Tax Allocation Refunding Bonds, 1999 Series A, in the principal amount of \$31,940,000 (the “**1999 Bonds**”). Pursuant to page 6 of the Official Statement for the 1999 Bonds, a true and correct copy of which is attached hereto as Exhibit A and incorporated herein by this reference, the 1999 Bonds are required to be used to provide financing for, inter alia, “a wide variety of projects to implement the Redevelopment Plan for the Project Area. Some of the currently contemplated projects include funding the costs of public improvements and public facilities, streetscape and infrastructure improvements, off-street parking facilities and commercial rehabilitation grants.”

C. Pursuant to the Indenture, as amended by a First Supplemental Indenture dated as of April 1, 2002, executed by and between the Former CCRA and the Trustee, the Former CCRA issued Tax Allocation Bonds, 2002 Series A, in the principal amount of \$28,280,000 (the “**2002 Bonds**”). Pursuant to page 3 of the Official Statement for the 2002 Bonds, a true and correct copy of which is attached hereto as Exhibit B and incorporated herein by this reference, the 2002 Bonds are required to be used to provide financing for, inter alia, “a wide variety of projects to implement the Redevelopment Plan for the Project Area. Some of the currently contemplated projects include funding the costs of public improvements and public facilities, streetscape and infrastructure improvements, off-street parking facilities and commercial rehabilitation grants.”

D. Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) (referred to herein as “**Dissolution Act**”) was signed by the Governor of California on June 28, 2011, making

Exhibit "A"

certain changes to the CRL and to the H&S Code including adding Part 1.8 (commencing with Section 34161) (“**Part 1.8**”) and Part 1.85 (commencing with Section 34170) (“**Part 1.85**”) to Division 24 of the H&S Code.

E. On December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding the Dissolution Act largely constitutional and reformed certain deadlines set forth in the Dissolution Act.

F. Pursuant to the Dissolution Act, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Former CCRA, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies.

G. The City Council of the City of Culver City adopted Resolution No. 2012-R001 on January 9, 2012, pursuant to Part 1.85 of the Dissolution Act, accepting for the City the role of successor agency to the Former CCRA.

H. On February 6, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. 2012-SA001 naming itself the “Successor Agency to the Culver City Redevelopment Agency”, the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of the Dissolution Act and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency.

I. H&S Code Section 34191.4(c) provides that once a finding of completion (“**FOC**”) has been issued by the California Department of Finance (the “**DOF**”), a successor agency is authorized to use bond proceeds for the purposes for which the bonds were sold. Such successor agency may designate the use of and commit indebtedness obligation proceeds that were derived from indebtedness issued for redevelopment purposes on or before December 31, 2010 that remain available after the satisfaction of enforceable obligations that have been approved on a Recognized Obligation Payment Schedule and that are consistent with the indebtedness obligation covenants (collectively, the “**Bond Proceeds**”).

J. The DOF issued an FOC to the Successor Agency on December 5, 2013.

K. The Bond Proceeds have been transferred to the City.

L. As of May 31, 2014, the following amounts of Bond Proceeds are available:

- 1999 Bonds:	\$ 2,772,076
- 2002 Bonds:	\$13,965,558

Exhibit "A"

M. An oversight board has been established for the Successor Agency (“**Oversight Board**”) and all 7 members have been appointed to the Oversight Board pursuant to H&S Code Section 34179. The duties and responsibilities of the Oversight Board are primarily set forth in H&S Code Sections 34179 through 34181 of the Dissolution Act.

N. Pursuant to H&S Code Section 34180(h), the Successor Agency submitted this Agreement to the Oversight Board and requested its approval to enter into it.

O. The City and, having received approval of the Oversight Board and the DOF, the Successor Agency desire to enter into this Agreement, in order to use the Bond Proceeds for the purposes identified in and consistent with the applicable indebtedness obligation covenants and the requirements of the CRL by providing for the City to retain the transferred Bond Proceeds and to use them for such purposes.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

1. Effective Date. This Agreement shall become effective when it is deemed effective in accordance with H&S Code Section 34179(h) (the “**Effective Date**”).

2. Term. The term of this Agreement shall commence on the Effective Date and shall continue in effect until the date that all Bond Proceeds are expended in accordance with the requirements of this Agreement.

3. Retention of Transferred Bond Proceeds. Upon the Effective Date, the City shall be deemed authorized to retain the transferred Bond Proceeds, and the City shall hold such funds in a separate Bond Proceeds account for the City’s use in accordance with the terms, conditions and purposes set forth in this Agreement.

4. Use of Bond Proceeds. The City agrees that it shall use the Bond Proceeds solely for the purposes identified in Recitals B and C above or for other projects consistent with the indebtedness obligation covenants and the provisions of the CRL that apply to the expenditure of redevelopment funds.

5. Project Approvals; Environmental Review. This Agreement is not intended to limit in any manner the discretion of the City in connection with the issuance of approvals and entitlements for the projects described in this Agreement, nor to avoid legally required processes attendant to project approval including, without limitation, the undertaking and completion of any required environmental review pursuant to the California Environmental Quality Act and/or the National Environmental Policy Act, as applicable, and the review and approval of plans and specifications.

6. Severability. If any term, provision, covenant or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid,

Exhibit "A"

void or unenforceable, then the remaining provisions, covenants and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished. In addition, the Parties shall cooperate in good faith in an effort to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant or condition can be accomplished to the maximum extent legally permissible.

7. No Third-Party Beneficiaries. Nothing in this Agreement is intended to create any third-party beneficiaries to this Agreement, and no person or entity other than the Successor Agency and the City, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

8. Further Assurances. Each of the Parties agrees to execute, acknowledge and deliver all additional documents and instruments, and to take such other actions as may be reasonably necessary to carry out the intent of the transactions contemplated by this Agreement.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

10. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

11. Amendments. This Agreement may be modified or amended, in whole or in part, only by an instrument in writing executed by the Parties.

[signatures on following page]

Exhibit "A"

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

“SUCCESSOR AGENCY”

THE SUCCESSOR AGENCY TO THE CULVER
CITY REDEVELOPMENT AGENCY,
a public body, corporate and politic

Dated: _____ By: _____
John M. Nachbar
Executive Director

APPROVED AS TO CONTENT:

By: _____
Sol Blumenfeld
Community Development Director

ATTEST:

By: _____
Secretary

APPROVED AS TO FORM:

By: _____
Carol Schwab
Successor Agency General Counsel

By: _____
KANE, BALLMER & BERKMAN
Successor Agency Special Counsel

[signatures continue on following page]

Exhibit "A"

“CITY”

THE CITY OF CULVER CITY,
a municipal corporation

Dated: _____ By: _____
John M. Nachbar
City Manager

APPROVED AS TO CONTENT:

By: _____
Sol Blumenfeld
Community Development Director

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
Carol Schwab
City Attorney

By: _____
KANE, BALLMER & BERKMAN
City Special Counsel

Exhibit "A"

Exhibit A

1999 Bonds Official Statement

[behind this page]

RECEIVED

Exhibit A

New Issue—Full Book Entry

OCT 05 1999

Ratings: Series A Bonds: Standard & Poor's: AAA

Fitch: AAA

(FSA Insured)

Series B Bonds: Not Rated

(See "MISCELLANEOUS—Ratings" herein)

CHIEF ADMINISTRATIVE OFFICE

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for the 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 taxes. See "MISCELLANEOUS—Tax Matters" herein.

\$31,940,000

CULVER CITY REDEVELOPMENT AGENCY
Tax Allocation Refunding Bonds,
1999 Series A
(Culver City Redevelopment Project)
(FSA Insured)

\$19,535,000

CULVER CITY REDEVELOPMENT AGENCY
Subordinate Tax Allocation Refunding Bonds,
1999 Series B
(Culver City Redevelopment Project)
(Uninsured)

Dated: Date of Delivery

Due: November 1, as shown below

The Culver City Redevelopment Agency (the "Agency") is issuing its (i) \$31,940,000 principal amount of Culver City Redevelopment Agency Tax Allocation Refunding Bonds, 1999 Series A (the "Series A Bonds") pursuant to that certain Indenture, dated as of October 1, 1999 (the "Series A Indenture") and (ii) \$19,535,000 principal amount of Culver City Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, 1999 Series B (the "Series B Bonds") and, together with the Series A Bonds, the "Bonds" pursuant to that certain Indenture, dated as of October 1, 1999 (the "Series B Indenture" and, together with the Series A Indenture, the "Indentures"). Proceeds of the Bonds will be used to (i) prepay certain outstanding loans of the Agency and refund corresponding portions of outstanding bonds; (ii) fund certain redevelopment activities of benefit to the Agency's Culver City Redevelopment Project (the "Project Area"); (iii) fund separate debt service reserve accounts for each series of the Bonds; (iv) fund capitalized interest for the Series B Bonds through May, 1 2000; and (v) pay the costs of issuing the Bonds.

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 certificates representing their ownership interest in the Bonds. The principal of, premium if any, and semiannual interest on the Bonds will be payable by U.S. Bank Trust National Association, Los Angeles, California, as trustee (the "Trustee"), to DTC for subsequent disbursement to DTC Participants, so long as DTC or its nominee remains the registered owner of the Bonds. Semiannual interest on the Series A Bonds and on the Series B Bonds is due May 1 and November 1 of each year, commencing May 1, 2000.

The Bonds are subject to optional and mandatory redemption as described herein.

The Bonds and any additional bonds subsequently issued pursuant to the Indentures are special obligations of the Agency. The Series A Bonds are payable exclusively from Tax Revenues (generally consisting of tax increment revenues to be derived from the Project Area, less amounts needed to make loan payments on certain outstanding senior loans of the Agency), and from amounts on deposit in certain funds and accounts established pursuant to the Series A Indenture. The Series B Bonds are payable exclusively from Surplus Tax Revenues (generally consisting of Tax Revenues remaining after payment of debt service on the Series A Bonds (and any debt payable on a parity with the Series A Bonds)) and from amounts on deposit in certain funds and accounts established pursuant to the Series B Indenture. The receipt of Tax Revenues (and availability of Surplus Tax Revenues) is subject to certain risks and limitations. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein.

The scheduled payment of principal of and interest on the **Series A Bonds only** when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series A Bonds by FINANCIAL SECURITY ASSURANCE INC. **The Series B Bonds are not insured.**

FSA

THE BONDS ARE NOT A DEBT OF THE CITY OF CULVER CITY, THE STATE OF CALIFORNIA, OR ANY OF THEIR POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY, AND NEITHER THE CITY, THE STATE NOR ANY OF THEIR POLITICAL SUBDIVISIONS, OTHER THAN THE AGENCY, IS LIABLE THEREFOR. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM TAX REVENUES AND SURPLUS TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURES. NEITHER THE OFFICERS OF THE AGENCY OR THE CITY, NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE.

This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.

MATURITY SCHEDULES

(See inside front cover)

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to legality by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the Agency by Kane Ballmer & Berkman, Los Angeles, California, Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as Underwriters' Counsel. It is anticipated that the Bonds, in book entry form, will be available for delivery to DTC in New York, New York on or about October 13, 1999.

Stone & Youngberg LLC

Dated: September 30, 1999

MATURITY SCHEDULES

SERIES A BONDS

<u>Maturity Date (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Maturity Date (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2000	\$1,560,000	3.600%	100.000%	2007	\$ 880,000	4.500%	98.999%
2001	2,205,000	3.800	99.900	2008	920,000	4.600	98.904
2002	425,000	4.000	99.856	2009	960,000	4.700	98.815
2003	470,000	4.100	99.813	2010	1,005,000	4.900	99.323
2004	490,000	4.200	99.772	2011	1,055,000	5.000	99.282
2005	805,000	4.300	99.471	2012	1,105,000	5.100	99.245
2006	835,000	4.400	99.399	2013	1,170,000	5.200	99.210

\$ 3,260,000 5.375% Series A Term Bonds due November 1, 2016, Price 98.299%

\$ 2,485,000 5.600% Series A Term Bonds due November 1, 2019, Price 99.401%

\$12,310,000 5.600% Series A Term Bonds due November 1, 2025, Price 98.381%

SERIES B BONDS

<u>Maturity Date (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Maturity Date (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2000	\$380,000	4.000%	100.000%	2007	\$595,000	5.200%	100.000%
2001	450,000	4.250	100.000	2008	625,000	5.300	100.000
2002	470,000	4.500	100.000	2009	655,000	5.400	100.000
2003	490,000	4.700	100.000	2010	690,000	5.500	99.587
2004	510,000	4.800	99.775	2011	730,000	5.600	99.133
2005	540,000	5.000	100.000	2012	770,000	5.700	99.089
2006	565,000	5.100	100.000	2013	815,000	5.800	99.050

\$4,880,000 6.200% Series B Term Bonds due November 1, 2018, Price 100.00%

\$6,370,000 6.250% Series B Term Bonds due November 1, 2025, Price 99.359%

CULVER CITY REDEVELOPMENT AGENCY

CITY COUNCIL / AGENCY MEMBERS

Albert Vera, *Agency Chair, Council Member*
Sandra J. Levin, *Agency Vice-Chair, Council Member*
David Hauptman, *Vice Mayor, Agency Member*
Richard A. Marcus, *Mayor, Agency Member*
Edward Wolkowitz, *Council Member, Agency Member*

OTHER ELECTED OFFICIALS

Sue McCabe, *City/Agency Treasurer*
Tom Crunk, *City Clerk*

ADMINISTRATIVE OFFICIALS

Mark Winogrand, *Executive Director*
Miriam Mack, *Redevelopment Administrator*
Eric Shapiro, *City Controller*

SPECIAL SERVICES

Trustee

U.S. Bank Trust National Association
Los Angeles, California

Bond Counsel

Richards, Watson & Gershon,
A Professional Corporation
Los Angeles, California

Agency Counsel

Kane Ballmer & Berkman
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Exhibit A

- APPENDIX A - Summary of Certain Provisions of the Indentures
- APPENDIX B - Culver City General Information
- APPENDIX C - Audited Financial Statements of the Agency
for Fiscal Year Ended June 30, 1998
- APPENDIX D - Form of Bond Counsel Opinion
- APPENDIX E - Form of Continuing Disclosure Agreement
- APPENDIX F - Book Entry-Only System
- APPENDIX G - Fiscal Consultant Report
- APPENDIX H - Specimen Municipal Bond Insurance Policy (Series A Bonds Only)

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Agency or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from the Agency and other sources believed to be reliable and the Underwriter believes the information to be accurate and complete. However, the Underwriter does not guarantee the accuracy or completeness of such information and the Official Statement should not be construed as a representation by the Underwriter. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Agency since the date hereof. All summaries contained herein of the Indentures or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions.

The presentation of any financial information is intended to show recent historical information or projections, as applicable, and is not intended to guarantee future or continuing trends in the financial position or other affairs of the Agency. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future. See "INTRODUCTION - Forward-Looking Statements" below.

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 ON THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Other than with respect to information concerning Financial Security Assurance Inc. ("Financial Security") contained under the caption "SECURITY FOR THE BONDS - Municipal Bond Insurance for the Series A Bonds" and Appendix H - "Specimen Municipal Bond Insurance Policy (Series A Bonds Only)" herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Bonds, or (iii) the tax-exempt status of the interest on the Bonds.

\$31,940,000
CULVER CITY REDEVELOPMENT AGENCY
Tax Allocation Refunding Bonds, 1999 Series A
(Culver City Redevelopment Project)
(FSA Insured)

and

\$19,535,000
CULVER CITY REDEVELOPMENT AGENCY
Subordinate Tax Allocation Refunding Bonds, 1999 Series B
(Culver City Redevelopment Project)
(Uninsured)

INTRODUCTION

This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the sale by the Culver City Redevelopment Agency (the "Agency") of its (i) Tax Allocation Refunding Bonds, 1999 Series A (Culver City Redevelopment Project) (the "Series A Bonds") and (ii) Subordinate Tax Allocation Refunding Bonds, 1999 Series B (Culver City Redevelopment Project) (the "Series B Bonds", and together with the Series A Bonds, the "Bonds"). This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in "APPENDIX A - Summary of Certain Provisions of the Indentures".

Legal Authority

General. The Agency is a redevelopment agency existing under the Community Redevelopment Law of the State of California (the "State"), constituting Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the "Redevelopment Law"). The Bonds are being issued under the Redevelopment Law and authority granted to the Agency by the general refunding provisions of Articles 10 and 11 of Chapter 3, Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law").

The Indentures. The Series A Bonds and the Series B Bonds will each be issued pursuant to and will be secured by the terms of a separate Indenture (respectively, the "Series A Indenture" and the "Series B Indenture"), each dated as of October 1, 1999, and each by and between the Agency and U.S. Bank Trust National Association, Los Angeles, California, as trustee (the "Trustee").

Financing Purpose

Proceeds of the Bonds will be used for the following purposes:

- (i) prepay certain loans (the "1989 Loans") made to the Agency by the Culver City Redevelopment Financing Authority (the "Authority"), and refund on a current basis certain outstanding bonds of the Authority (the "1989 Bonds"),
- (ii) fund certain redevelopment activities of benefit to the Agency's Project Area (the "Redevelopment Project"),
- (iii) fund a separate debt service reserve account for each series of the Bonds,
- (iv) fund capitalized interest for the Series B Bonds through May 1, 2000, and
- (v) pay the costs of issuing the Bonds.

Proceeds of the 1989 Bonds were used to (i) refund certain outstanding bonds of the Agency and (ii) finance certain redevelopment and housing activities of the Agency in the Project Area. See "FINANCING PLAN" herein.

Sale of the Bonds

Pursuant to a Bond Purchase Agreement, the Agency will sell the Bonds to the Authority which, in turn, will immediately sell the Bonds to Stone & Youngberg LLC, as underwriter of the Bonds.

Security for the Bonds

Series A Bonds; Tax Revenues. The Series A Bonds are payable from and secured by Tax Revenues (as defined herein), generally consisting of the taxes eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Agency's Culver City Redevelopment Project (the "Project Area"). Tax Revenues do not include amounts required to make payments on the outstanding 1989 Capital Appreciation Senior Bonds or the 1993 Loans (as defined in "FINANCING PLAN" below). The outstanding 1989 Capital Appreciation Senior Bonds (which represent the remaining outstanding portion of the 1989 Loans) and the 1993 Loans are secured by a pledge of tax increment revenues that is senior to the Agency's pledge to payment of the Series A Bonds.

Series B Bonds; Surplus Tax Revenues. The Series B Bonds are payable from and secured by Surplus Tax Revenues, which are generally Tax Revenues remaining after the payment of debt service on the Series A Bonds (and any Agency debt payable on a parity to the Series A Bonds).

Additional Bonds. The Indentures permit the Agency to issue additional bonds payable from Tax Revenues or Surplus Tax Revenues on a basis parity to the Series A Bonds or the Series B Bonds, respectively. See "SECURITY FOR THE BONDS" herein.

Possible Risk Factors. Any future decrease in the taxable valuation in the Project Area or in the applicable tax rates could reduce the Tax Revenues allocated to the Agency and correspondingly could have an adverse impact on the ability of the Agency to pay debt service on the Bonds. See "RISK FACTORS" herein.

The Project Area

The Culver City Redevelopment Project (the "Project Area") was initially formed by the merger of the following three former project areas (each, a "Component Area") of the Agency:

<u>Former Project Area</u>	<u>Component</u>
Slauson-Sepulveda Redevelopment Project Area No. 1	"Component Area No. 1"
Overland-Jefferson Redevelopment Project Area No. 2	"Component Area No. 2"
Washington-Culver Redevelopment Project Area No. 3	"Component Area No. 3"

Pursuant to Ordinance No. 98-014 adopted by the City Council on November 23, 1998, each of the currently existing redevelopment plans for the Component Areas (each, a "Redevelopment Plan") were amended to provide, among other things, for the merging of the Component Areas into the Project Area. In addition, pursuant to Ordinance No. 98-015, adopted by the City Council on November 23, 1998, the Agency added territory known as "Component Area No. 4" to the Project Area. See "THE CULVER CITY REDEVELOPMENT PROJECT - General" herein. The Project Area includes 1,286 gross acres of land, representing residential, commercial, industrial and public land uses. The Project Area is the sole remaining project area of the Agency.

See "THE CULVER CITY REDEVELOPMENT PROJECT" for additional information on land use and property ownership within the Project Area.

The City, the Agency and the Authority

The City. The City of Culver City, California (the "City"), is located on the western portion of Los Angeles County (the "County"), approximately five miles north of Los Angeles International Airport and five miles east of the Marina del Rey small craft harbor and the Pacific Ocean. The City was incorporated as a general law city in 1917. It maintains a council-CAO form of government, with the Mayor and Council Members elected at-large for four-year terms. For certain information regarding the City, see "APPENDIX B - Culver City General Information."

The Agency. The Agency was activated on February 8, 1971 by an ordinance of the City Council, at which time the City Council declared itself to be the governing board of the Agency. See "THE AUTHORITY AND THE AGENCY" herein.

The Authority. The Authority is a joint powers authority formed by the Agency and the City in 1989. See "THE AUTHORITY AND THE AGENCY" herein.

Continuing Disclosure

The Agency has undertaken for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Agency by not later than nine months following the end of the Agency's fiscal year (which currently would be by March 31 each year based upon the June 30 end of the Agency's fiscal year), commencing March 31, 2000 with the report for the 1998/99 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Agency with each Nationally Recognized Municipal Securities Information Repository, and with the appropriate State information depository, if any. The notices of material events will be filed by the Agency with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in

"APPENDIX E - Form of Continuing Disclosure Agreement." These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

The Agency has made no previous undertakings with regard to said Rule to provide annual reports or notices of material events.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "PROJECT AREA TAX REVENUES".

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

Following in this Official Statement are brief descriptions of the Bonds, the Indentures, the Agency, the City, the Authority, Tax Revenues, Surplus Tax Revenues, the Project Area, security for the Bonds, risk factors and limitations on Tax Revenues and Surplus Tax Revenues, and certain other information relevant to the issuance of the Bonds. All references herein to the Indentures are qualified in their entirety by reference to the Indentures and all references to the Bonds are further qualified by reference to the definitive Bonds and to the terms thereof which are contained in the Indentures. All capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Indentures.

FINANCING PLAN

Refunding of 1989 Bonds

The 1989 Bonds. On October 25, 1989, the Authority issued the following 1989 Revenue Bonds (the "1989 Bonds"), which are payable from certain loan payments due with respect to loans (the "1989 Loans") made by the Authority to the Agency:

- (i) *1989 Senior Bonds.* 1989 Revenue Bonds, Series A (Senior Lien Project Loans), which were issued as current interest bonds (the "1989 Current Interest Senior Bonds") and as capital appreciation bonds (the "1989 Capital Appreciation Senior Bonds").
- (ii) *1989 Subordinate Bonds.* 1989 Revenues Bonds, Series B (Subordinate Lien Project Loans), which were issued as current interest bonds only (the "1989 Subordinate Bonds").

Previous Partial Redemption of 1989 Bonds. On November 9, 1993, the Authority issued its \$128,070,000 original principal amount of 1993 Tax Allocation Refunding Revenue Bonds (the "1993 Bonds"), of which \$122,735,000 remains outstanding, for the purpose of prepaying a portion of the 1989 Loans, and defeasing a corresponding portion of the 1989 Bonds. The 1993 Bonds are secured by certain loan payments due with respect to certain loans (the "1993 Loans") made by the Authority to the Agency. The following table shows the amounts of 1989 Bonds issued, the amounts refunded with 1993 Bond proceeds, and the amounts currently outstanding.

	<u>Original Principal Amount</u>	<u>Amount Refunded with 1993 Bond Proceeds</u>	<u>Amount Currently Outstanding</u>	<u>Date Subject to Redemption</u>
1989 Senior Bonds				
Current Interest Bonds	\$105,605,000.00	\$77,855,000.00	\$9,920,000.00	11/1/99
Capital Appreciation Bonds	4,390,467.30	3,909,873.80	480,593.50 [1]	Maturity
1989 Subordinate Bonds	40,000,000.00	27,000,000.00	13,000,000.00	12/1/99

[1] Excludes accreted interest on the initial amount of the 1989 Capital Appreciation Senior Bonds. The face amount of the bonds at maturity will be \$1,240,000.

Redemption of Outstanding Current Interest 1989 Bonds. Proceeds from the sale of the Bonds, together with certain moneys held in the funds and accounts relating to the 1989 Bonds, will be deposited into the 1989 Authority Bonds Refunding Account held by the Trustee (as successor trustee with respect to the 1989 Bonds), who will apply the funds on November 1, 1999 (with respect to 1989 Current Interest Senior Bonds), and December 1, 1999 (with respect to 1989 Subordinate Bonds), to redeem and defease the 1989 Current Interest Senior Bonds and the 1989 Subordinate Bonds (collectively, the "Refunded Bonds"). The 1989 Capital Appreciation Senior Bonds will not be redeemed with the proceeds of the Bonds; rather, they will be paid at maturity from tax increment revenues generated in the Project Area on a basis senior to the Bonds (and on a parity with the 1993 Loans).

Amounts maintained in the 1989 Authority Bonds Refunding Account will be invested solely in direct obligations of the United States Treasury, the principal of and interest on which, together with any available cash to be held and invested, will be verified by Grant Thornton LLP, as verification agent, as sufficient to pay the principal of and interest on the Refunded Bonds to and including the date of redemption thereof, and to redeem the Refunded Bonds on

Exhibit A

the redemption date as described above. See "MISCELLANEOUS - Verification of Mathematical Computations."

The Redevelopment Project

On the Closing Date, a portion of Bond proceeds will be deposited into the Agency's Redevelopment Fund, to be used to finance a wide variety of projects to implement the Redevelopment Plan for the Project Area. Some of the currently contemplated projects include funding the costs of public improvements and public facilities, streetscape and infrastructure improvements, off-street parking facilities and commercial rehabilitation grants. See "Estimated Sources and Uses of Funds" below.

Estimated Sources and Uses of Funds

The anticipated sources and uses of funds relating to the Bonds are as follows:

<u>SOURCES:</u>	<u>Series A Bonds</u>	<u>Series B Bonds</u>
Principal Amount of the Bonds	\$31,940,000.00	\$19,535,000.00
Plus: Funds Relating to the 1989 Bonds [1]	2,129,198.27	2,160,608.18
Less: Original Issue Discount	(345,959.05)	(65,915.20)
Less: Underwriter's Discount	<u>(233,800.80)</u>	<u>(251,024.75)</u>
<i>Total Sources:</i>	\$33,489,438.42	\$21,378,668.23
 <u>USES:</u>		
Expense Account [2]	681,873.55	65,800.00
Reserve Account	2,847,123.69	1,565,925.00
Interest Account [3]	-0-	620,900.50
1989 Authority Bonds Refunding Account	10,410,682.74	13,669,021.78
Redevelopment Fund	19,549,758.44	5,457,020.95
<i>Total Uses:</i>	\$33,489,438.42	\$21,378,668.23

- [1] Represents 1989 Bonds debt service fund moneys and a portion of the 1989 Bonds reserve account.
 [2] Includes the bond insurance premium for the Series A Bonds only, Trustee fees, Bond Counsel fees and expenses, printing costs, rating agency fees and other related costs.
 [3] Represents capitalized interest through May 1, 2000, for the Series B Bonds only.

THE BONDS

Description

The Bonds will be dated their date of delivery (the "Closing Date"), will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof, and will mature in the amounts and on the dates as set forth on the inside cover of this Official Statement.

Interest on the Series A Bonds and the Series B Bonds will be payable semiannually on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing May 1, 2000.

Interest due on the Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond will bear interest from the appropriate Interest Payment Date next preceding the date of authentication, unless (i) it is authenticated during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to the Record Date for the first Interest Payment Date, in which event it will bear interest from the Closing Date, provided, however, if, at the time of authentication of any Bond interest with respect to such Bond is in default, such Bond shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Bond. A "Record Date" means, with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

Payment of interest on the Bonds is payable in lawful money of the United States of America on each appropriate Interest Payment Date to the registered owner thereof according to the registration books of the Trustee (the "Owner") as of the close of business on the Record Date. Interest will be paid by check of the Trustee, mailed by first class mail on the Interest Payment Date to the Owner at his address as it appears, on such Record Date, on the bond registration books maintained by the Trustee. At the written request of the Owner of Series A Bonds in the aggregate principal amount of \$1,000,000 or more, or of Series B Bonds in the aggregate principal amount of \$1,000,000 or more, filed with the Trustee prior to any appropriate Record Date, principal of and interest on such Bonds shall be paid to such Owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by transfer of immediately available funds to an account in the continental United States designated in such written request. Payments of defaulted interest with respect to the Bonds shall be paid by check to the registered Owners of the Bonds as of a special record date to be fixed by the Trustee. Except as set forth above, the principal of and premium, if any on the Bonds are payable when due at the corporate trust office of the Trustee in St. Paul, Minnesota.

While the Bonds are held in the book-entry only system of DTC, all such payments will be made to Cede & Co., as the registered owner of the Bonds. See "APPENDIX F – Book Entry-Only System".

Optional Redemption

Series A Bonds. The Series A Bonds maturing on or before November 1, 2009, are not subject to optional redemption prior to maturity. The Series A Bonds maturing on and after November 1, 2010, are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities at the option of the Agency on any date on or after November 1, 2009, from funds derived by the Agency from any source, at the following redemption prices (expressed as percentages of the principal amount of the Series A Bonds called for redemption) together with accrued interest thereon to the date fixed for redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
November 1, 2009 through October 31, 2010	102%
November 1, 2010 through October 31, 2011	101
November 1, 2011 and thereafter	100

Series B Bonds. The Series B Bonds maturing on or before November 1, 2004, are not subject to optional redemption prior to maturity. The Series B Bonds maturing on and after November 1, 2005, are subject to redemption as a whole or in part, by such maturities as the Agency designates (which designation must be in writing and be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their respective maturities at the option of the Agency on any date on or after November 1, 2004, from funds derived by the Agency from any source, at the following redemption prices (expressed as percentages of the principal amount of the Series B Bonds called for redemption) together with accrued interest thereon to the date fixed for redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
November 1, 2004 through October 31, 2005	102%
November 1, 2005 through October 31, 2006	101
November 1, 2006 and thereafter	100

Mandatory Redemption From Sinking Fund Payments

Series A Bonds. The Series A Bonds maturing on November 1, 2016 (the "2016 Series A Term Bonds"), November 1, 2019 (the "2019 Series A Term Bonds") and November 1, 2025 (the "2025 Series A Term Bonds") are also subject to redemption prior to their stated maturity, in part by lot, from Series A Sinking Account Installments deposited in the Series A Sinking Account, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, as set forth in the following tables.

2016 Series A Term Bonds

<u>Sinking Fund Redemption Date (November 1)</u>	<u>Principal Amount To Be Redeemed</u>
2014	\$1,225,000
2015	1,295,000
2016 (maturity)	740,000

Exhibit A

2019 Series A Term Bonds

Sinking Fund Redemption Date (November 1)	Principal Amount To Be Redeemed
2017	\$780,000
2018	830,000
2019 (maturity)	875,000

2025 Series A Term Bonds

Sinking Fund Redemption Date (November 1)	Principal Amount To Be Redeemed
2020	\$925,000
2021	970,000
2022	455,000
2023	480,000
2024	4,610,000
2025 (maturity)	4,870,000

Series B Bonds. The Series B Bonds maturing on November 1, 2018 (the "2018 Series B Term Bonds") and November 1, 2025 (the "2025 Series B Term Bonds") are also subject to redemption prior to their stated maturity, in part by lot, from Series B Sinking Account Installments deposited in the Series B Sinking Account, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, as set forth in the following tables.

2018 Series B Term Bonds

Sinking Fund Redemption Date (November 1)	Principal Amount To Be Redeemed
2014	\$865,000
2015	915,000
2016	970,000
2017	1,035,000
2018 (maturity)	1,095,000

2025 Series B Term Bonds

Sinking Fund Redemption Date (November 1)	Principal Amount To Be Redeemed
2019	\$1,160,000
2020	1,235,000
2021	1,315,000
2022	605,000
2023	645,000
2024	685,000
2025 (maturity)	725,000

In lieu of redemption of any Term Bond, amounts on deposit in the Special Fund or in the Sinking Account therein, may be used and withdrawn by the Trustee at any time, upon the written request of the Agency, for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Agency may in its discretion

determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date; provided, however, that no Bonds shall be purchased by the Trustee with a settlement date more than 60 days prior to the redemption date.

General Redemption Provisions

Notice of Redemption. Notice of redemption shall be mailed by the Trustee (by first class mail, postage prepaid) at least 30 days prior to the redemption date to the respective registered Owners of the Bonds designated for redemption, to one or more Information Services, and to the Securities Depositories.

Such notice shall state the notice date, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date and the redemption price, the place or places of redemption, the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed. The notice shall also require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Selection of Bonds for Redemption. Whenever less than all Outstanding Series A Bonds or Series B Bonds are called for redemption at any one time, the Trustee shall select the Bonds to be redeemed, from the Outstanding Bonds maturing on such date not previously selected for redemption, by lot.

Transfer and Exchange. Any Bond may, in accordance with its terms, be transferred, upon the registration books of the Trustee, upon surrender of such Bond, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for registration of transfer, the Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denomination.

The Trustee is not required to transfer or exchange any Bond during the 15 days preceding any date established by the Trustee for selection of Bonds for redemption or any Bonds which have matured or been selected for redemption.

Exhibit A

Debt Service Schedules

Scheduled debt service on the 1989 Capital Appreciation Senior Bonds, the 1993 Bonds, the Series A Bonds and the Series B Bonds, without regard to any optional redemption, is shown in the following table:

TABLE 1
CULVER CITY REDEVELOPMENT AGENCY
Culver City Redevelopment Project
Tax Allocation Refunding Bonds
Debt Service Schedules

Year Ending November 1	1989 Bonds	1993 Bonds [1]		Series A Bonds		Series B Bonds [2]		Aggregate	
	Total	Total	Principal	Interest	Total	Principal	Interest	Total	Total
2000		\$7,172,625	\$1,560,000	\$1,699,036.50	\$3,259,036.50	\$380,000	\$1,185,355.50	\$1,565,355.50	\$11,997,017.00
2001		7,172,195	2,205,000	1,561,970.00	3,766,970.00	450,000	1,113,710.00	1,563,710.00	12,502,875.00
2002	\$650,000	8,488,435	425,000	1,478,180.00	1,903,180.00	470,000	1,094,585.00	1,564,585.00	12,606,200.00
2003	295,000	8,844,485	470,000	1,461,180.00	1,931,180.00	490,000	1,073,435.00	1,563,435.00	12,634,100.00
2004	295,000	8,847,205	490,000	1,441,910.00	1,931,910.00	510,000	1,050,405.00	1,560,405.00	12,634,520.00
2005		8,845,505	805,000	1,421,330.00	2,226,330.00	540,000	1,025,925.00	1,565,925.00	12,637,760.00
2006		8,848,875	835,000	1,386,715.00	2,221,715.00	565,000	998,925.00	1,563,925.00	12,634,515.00
2007		8,841,320	880,000	1,349,975.00	2,229,975.00	595,000	970,110.00	1,565,110.00	12,636,405.00
2008		8,842,520	920,000	1,310,375.00	2,230,375.00	625,000	939,170.00	1,564,170.00	12,637,065.00
2009		8,846,175	960,000	1,268,055.00	2,228,055.00	655,000	906,045.00	1,561,045.00	12,635,275.00
2010		8,845,675	1,005,000	1,222,935.00	2,227,935.00	690,000	870,675.00	1,560,675.00	12,634,285.00
2011		8,842,800	1,055,000	1,173,690.00	2,228,690.00	730,000	832,725.00	1,562,725.00	12,634,215.00
2012		8,847,000	1,105,000	1,120,940.00	2,225,940.00	770,000	791,845.00	1,561,845.00	12,634,785.00
2013		8,837,175	1,170,000	1,064,585.00	2,234,585.00	815,000	747,955.00	1,562,955.00	12,634,715.00
2014		8,843,325	1,225,000	1,003,745.00	2,228,745.00	865,000	700,685.00	1,565,685.00	12,637,755.00
2015		8,838,800	1,295,000	937,901.26	2,232,901.26	915,000	647,055.00	1,562,055.00	12,633,756.26
2016		9,464,130	740,000	868,295.00	1,608,295.00	970,000	590,325.00	1,560,325.00	12,632,750.00
2017		9,463,750	780,000	828,520.00	1,608,520.00	1,035,000	530,185.00	1,565,185.00	12,637,455.00
2018		9,459,570	830,000	784,840.00	1,614,840.00	1,095,000	466,015.00	1,561,015.00	12,635,425.00
2019		9,461,130	875,000	738,360.00	1,613,360.00	1,160,000	398,125.00	1,558,125.00	12,632,615.00
2020		9,457,510	925,000	689,360.00	1,614,360.00	1,235,000	325,625.00	1,560,625.00	12,632,495.00
2021		9,463,250	970,000	637,560.00	1,607,560.00	1,315,000	248,437.50	1,563,437.50	12,634,247.50
2022		9,459,500	455,000	583,240.00	1,038,240.00	605,000	166,250.00	771,250.00	11,268,990.00
2023		9,460,500	480,000	557,760.00	1,037,760.00	645,000	128,437.50	773,437.50	11,271,697.50
2024			4,610,000	530,880.00	5,140,880.00	685,000	88,125.00	773,125.00	5,914,005.00
2025			4,870,000	272,720.00	5,142,720.00	725,000	45,312.50	770,312.50	5,913,032.50
TOTAL	\$1,240,000	\$213,493,455	\$31,940,000	\$27,394,057.76	\$59,334,057.76	\$19,535,000	\$17,935,443.00	\$37,470,443.00	\$311,537,955.76

[1] Gross debt service due with respect to the 1993 Bonds. Figures do not include any adjustment for debt service payable from the low and moderate income housing fund. See "THE CULVER CITY REDEVELOPMENT PROJECT - Low and Moderate Income Housing" herein.

[2] Interest is capitalized through May 1, 2000.

SECURITY FOR THE BONDS

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. The taxable valuation of a redevelopment project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as indicated above.

See "APPENDIX G - Fiscal Consultant Report" for more information about applicable tax rates in the Project Area.

Allocation of Taxes

As provided in the Redevelopment Plan, and pursuant to Article 6 of Chapter 6 of the Redevelopment Law (commencing with Section 33670 of the California Health and Safety Code) 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 and any city, county, city and county, district or other public corporation (herein collectively referred to as "taxing agencies") for each fiscal year beginning after the effective dates of the ordinance approving the original redevelopment plans for the Components, are divided as follows:

1. To other taxing agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of 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 the establishment of the respective Component Areas (the "Base Year Amount") shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies in the same manner as taxes by or for the taxing agencies on all other property are paid; and

2. To the Agency: Except for taxes which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, which shall be allocated to and when collected shall be paid to the respective taxing agency, and except for statutory pass-through payments, that portion of the levied taxes each year in excess of the Base Year Amount shall be paid into a special fund of the Agency to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the Project Area.

When all bonds, loans, advances, and indebtedness, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in the Project Area is paid into the funds of the respective taxing agencies as taxes on all other property are paid. See "Tax Revenues; Surplus Tax Revenues; Flow of Funds" below.

Tax Revenues; Surplus Tax Revenues; Flow of Funds

Series A Bonds. The Series A Bonds are equally secured by a pledge of, security interest in, and lien on all of the Tax Revenues, and a pledge of all of the moneys in the Special Fund, Series A Debt Service Fund, Series A Interest Account, Series A Principal Account, Series A Sinking Account and Series A Reserve Account created pursuant to the Series A Indenture. See "APPENDIX A – Summary of Certain Provisions of the Indentures".

In the Series A Indenture, "Tax Revenues" is defined to mean, for each fiscal year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area (but excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; and (b) amounts required to be used to comply with the terms of the 1989 Loan Agreements and the 1993 Loan Agreements. "Tax Revenues" specifically include amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 or Section 33334.6 of the Redevelopment Law, as provided in the Redevelopment Plan, but only to the extent such amounts are used to pay principal or interest or other financing charges with respect to bonds or other obligations issued to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area. **The definition of Tax Revenues reflects the fact that the Agency's pledge of tax increment generated in the Project Area to payment of debt service on the Bonds is subordinate to the Agency's pledge of tax increment revenues to payment of its obligations with respect to the outstanding 1989 Capital Appreciation Senior Bonds (which represent the remaining outstanding portion of the 1989 Loans) and the 1993 Loans.**

Series B Bonds. The Series B Bonds are equally secured by a pledge of, security interest in, and lien on all of the Surplus Tax Revenues, and a pledge of all of the moneys in the Series B Debt Service Fund, Series B Interest Account, Series B Principal Account, Series B Sinking Account and Series B Reserve Account created pursuant to the Series B Indenture. See "APPENDIX A – Summary of Certain Provisions of the Indentures".

The Series B Indenture generally defines "Surplus Tax Revenues" as the Tax Revenues remaining after payment of the Series A Bonds semiannual debt service payments. As a result, the Series B Bonds are subordinate to the Series A Bonds (as well as to the 1989 Capital Appreciation Senior Bonds and the 1993 Loans).

Flow of Funds. The Series A Indenture establishes a "Special Fund", to be held by the Agency, into which the Agency will deposit Tax Revenues received. On or before the fifth Business Day immediately preceding any Interest Payment Date, the Agency will withdraw from the Special Fund and transfer to the Series A Trustee for deposit into the Series A Debt Service Fund, an amount equal to

- (i) the deposits required to make the interest, principal and sinking account payments coming due on the Series A Bonds, and if needed, the amount to replenish the Series A Reserve Account, and
- (ii) the deposits required to make the interest, principal and sinking account payments coming due on the Series B Bonds, and if needed, the amount to replenish the Series B Reserve Account.

After making the deposits in clause (i) above on the day preceding an Interest Payment Date, the Series A Trustee will transfer the amounts remaining in the Series A Debt Service Fund

(the "Surplus Tax Revenues") to the Series B Trustee, for deposit into the Series B Debt Service Account. The Series B Trustee will apply moneys in the Series B Debt Service Account to pay, in the following order of priority, the interest, principal and sinking fund payments becoming due on the Interest Payment Date, and any amount required to restore the Series B Reserve Account to the Series B Reserve Requirement.

Maintenance of Special Fund After November 1, 2016. Unless (i) the time limits on the effectiveness of the Redevelopment Plan with respect to Component Areas Nos. 1, 2 and 3 of the Project Area are extended to a date no earlier than the final maturity date of the Series A Bonds (and any Additional Bonds payable on a parity therewith) pursuant to the Redevelopment Law, or (ii) Tax Revenues derived solely from Component Area No. 3 and Component Area No. 4 of the Project Area ("Area 3 and 4 Revenues") then meet the coverage requirements set forth in the Series A Indenture, as evidenced by a Consultant's Report (as defined in the Series A Indenture), then the Agency is required to take the following actions. After November 1, 2015 and prior to November 1, 2016, the Agency will determine the total amount of debt service payable on the Bonds during the Bond Years ending November 1, 2022 through November 1, 2025, inclusive ("Total Debt Service") and the total amount of Area 3 and 4 Revenues projected to be received by the Agency during such Bond Years ("Projected Revenues"). Such projections will assume that Area 3 and 4 Revenues in each such Bond Year will be equal to the Area 3 and 4 Revenues received by the Agency during the Bond Year ending November 1, 2015. Commencing on and after November 1, 2016, the Agency is required to transfer, from Tax Revenues received by the Agency in excess of the amounts required to be transferred to the Trustee for deposit in the Series A Debt Service Fund described above, to a special holding account to be established and held by the Trustee, all such excess Tax Revenues until the amount accumulated therein, together with the amount of the Projected Revenues, equals 125 percent of Total Debt Service.

Limitations on Tax Revenues. The Agency's receipt of Tax Revenues is subject to certain limitations ("Plan Limits") 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 33333.4 of the Redevelopment Law. See "THE CULVER CITY REDEVELOPMENT PROJECT - General," and "- Redevelopment Plan Limitations" herein. In addition, the Redevelopment Plan with respect to Component Area No. 4 limits the amount of bonded indebtedness which the Agency has outstanding at any one time to \$100 million. The Agency believes that the various limitations contained in the Redevelopment Plan will not adversely affect its ability to issue or to pay debt service on the Bonds.

The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Revenues that would otherwise be available to pay debt service on the Bonds and, consequently, the principal of, and interest on, the Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein.

THE BONDS ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF THEIR POLITICAL SUBDIVISIONS, AND NEITHER THE CITY, THE STATE NOR ANY OF THEIR POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) IS LIABLE THEREON. THE AGENCY HAS NO TAXING POWER. THE BONDS ARE REVENUE BONDS, PAYABLE EXCLUSIVELY FROM THE TAX REVENUES, SURPLUS TAX REVENUES AND OTHER FUNDS AS PROVIDED IN THE INDENTURES. THE OBLIGATIONS OF THE AGENCY UNDER THE BONDS AND ANY ADDITIONAL BONDS

OF THE AGENCY ARE PAYABLE SOLELY FROM TAX REVENUES AND SURPLUS TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA.

Reserve Account

The Indentures each provide that on the Closing Date a separate Reserve Account will be funded for each series of Bonds in an amount equal to the Reserve Requirement. The Indentures define "Reserve Requirement" as an amount equal to the least of (i) ten percent of the proceeds (within the meaning of Section 148 of the Code) of that portion of such Series of Bonds Outstanding with respect to which Annual Debt Service is calculated, (ii) 125 percent of Average Annual Debt Service of such Series or (iii) Maximum Annual Debt Service of such Series. See "APPENDIX A – Summary of Certain Provisions of the Indentures".

Amounts in the Reserve Accounts will be used to pay principal, interest and sinking account payments with respect to the applicable series of Bonds. Amounts in the Series A Reserve Account may not be used to pay debt service on the Series B Bonds; amounts in the Series B Reserve Account may not be used to pay debt service on the Series A Bonds.

The Agency has the right (with the prior written consent of the Bond Insurer in the case of the Series A Bonds), to satisfy the Reserve Account Requirement for each series of Bonds by crediting to the Series A Reserve Account or Series B Reserve Account, as the case may be, moneys or a Qualified Reserve Account Credit Instrument (as defined in the Indentures) or any combination thereof, which in the aggregate make funds available in the applicable Reserve Account in an amount equal to the Reserve Account Requirement. Upon the deposit with the applicable Trustee of such Qualified Reserve Account Credit Instrument, the applicable Trustee shall release moneys then on hand in the applicable Reserve Account to the Agency, to be used for any lawful purpose relating to the Project Area, in an amount equal to the face amount of the Qualified Reserve Account Credit Instrument.

Issuance of Additional Bonds

Additional Senior Bonds. The Series A Indenture permits the Agency, subject to certain conditions, to issue Additional Bonds payable from Tax Revenues on a parity with the Series A Bonds ("Additional Senior Bonds"). Because any such Additional Senior Bonds would be secured by Tax Revenues on a parity with the Series A Bonds, they would be payable from tax increment revenue generated in the Project Area on a basis subordinate to the 1993 Loans and on the portion of the 1989 Loans corresponding to the outstanding 1989 Capital Appreciation Senior Bonds.

The conditions for the issuance of Additional Senior Bonds include, among other things, that:

(1) the Tax Revenues (excluding any unsubordinated payments to taxing agencies pursuant to the Redevelopment Law) based on the assessed valuation of property in the Project Area as shown on the most recently equalized assessment roll preceding the date of the Agency's adoption of the supplemental indenture providing for the issuance of such Additional Senior Bonds plus, at the option of the Agency, the Additional Allowance, must be in an amount equal to at least 125 percent of the Combined Maximum Annual Debt Service (which is defined as the largest sum in any Bond Year of debt service with respect to the 1989 Loans, the 1993 Loans, the Bonds and any additional bonds) following the issuance of such Additional Senior Bonds, and

(2) the Surplus Tax Revenues be in an amount equal to at least 100 percent of maximum annual debt service on the Series B Bonds as defined in the Series B Indenture following the

issuance of such Additional Senior Bonds. For the purposes of calculating Tax Revenues, a tax rate of \$1.00 per \$100 of assessed valuation shall be assumed.

"Additional Allowance" is defined to mean, as of the date of any calculation, the amount of Tax Revenues which, as shown in a Consultant's Report, is estimated to be receivable by the Agency in the next 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) transfer of ownership or any other interest in real property which is not then reflected on the tax roll.

Additional Subordinate Bonds. The Series B Indenture permits the Agency, subject to certain conditions, to issue Additional Bonds payable from Surplus Tax Revenues on a parity with the Series B Bonds ("Additional Subordinate Bonds"). Conditions for the issuance of Additional Subordinate Bonds include, among other things, that the Tax Revenues based on the assessed valuation of property in the Project Area as shown on the most recently equalized assessment roll preceding the date of the Agency's adoption of the supplemental indenture providing for the issuance of such Additional Series B Bonds plus, at the option of the Agency, the Additional Allowance, must be in an amount equal to at least 110 percent of the Combined Maximum Annual Debt Service as evidenced by a Consultant's Report.

See "APPENDIX A - Summary of Certain Provisions of the Indentures" for additional detail about the issuance of Additional Bonds.

Outstanding Senior/Parity Debt of the Agency

The definition of "Tax Revenues" excludes amounts required to be used to pay debt service on the 1993 Loans and on the portion of the 1989 Loans corresponding to the outstanding 1989 Capital Appreciation Senior Bonds, meaning that debt service on the Series A Bonds will be payable on a basis subordinate to the 1993 Loans and the portion of the 1989 Loans corresponding to the outstanding 1989 Capital Appreciation Senior Bonds. "Surplus Tax Revenues" is defined as the funds remaining in the Debt Service Fund with respect to the Series A Bonds after payment of debt service (including sinking fund payments and required reserve payments) on the Series A Bonds, meaning that debt service on the Series B Bonds is payable on a basis subordinate to the Series A Bonds, the 1993 Loans and the portion of the 1989 Loans corresponding to the outstanding 1989 Capital Appreciation Senior Bonds.

Municipal Bond Insurance for the Series A Bonds

Concurrently with the issuance of the Bonds, Financial Security Assurance Inc. ("Financial Security") will issue its Municipal Bond Insurance Policy for the Series A Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series A Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Financial Security is a New York domiciled insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is a New York Stock Exchange listed company whose major shareholders include White Mountains Insurance Group, Inc., XL Capital Ltd., The Tokio Marine and Fire Insurance Co., Ltd. and MediaOne Capital Corporation. The shareholders of Holdings are not liable for the obligations of Financial Security.

Exhibit A

At June 30, 1999, Financial Security's total policyholders' surplus and contingency reserves were approximately \$1,107,636,000 and its total unearned premium reserve was approximately \$621,693,000 in accordance with statutory accounting principles. At June 30, 1999, Financial Security's total shareholder's equity was approximately \$1,137,952,000 and its total net unearned premium reserve was approximately \$520,986,000 in accordance with generally accepted accounting principles.

The financial statements included as exhibits to the annual and quarterly reports filed by Holdings with the Securities and Exchange Commission are hereby incorporated herein by reference. Also incorporated herein by reference are any such financial statements so filed from the date of this Official Statement until the termination of the offering of the Bonds. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 350 Park Avenue, New York, New York 10022, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Bonds or the advisability of investing in the Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the Issuer the information presented under this caption for inclusion in the Official Statement.

Information regarding Financial Security's Year 2000 compliance program is available at Financial Security's website, www.fsa.com/y2k.

THE AUTHORITY AND THE AGENCY

The Authority

The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated September 18, 1989, between the City and the Agency. The Joint Exercise of Powers Agreement was entered into pursuant to the Government Code of the State of California, commencing with Section 6500. The Authority is a separate entity constituting a public instrumentality of the State and was formed for the public purpose of assisting in financing and refinancing redevelopment projects pursuant to the Redevelopment Law for the benefit of the City and the Agency through the purchase by the Authority of obligations of the Agency or the loan of funds to the Agency.

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

Agency Existence and Personnel

The Agency is a public body corporate and politic, organized and existing under and pursuant to the Constitution and laws of the State. The Agency was established on February 8, 1971 by action of the City Council pursuant to the Redevelopment Law. The five members of the City Council of the City serve as the governing body of the Agency and exercise all rights, powers, duties and privileges of the Agency.

The Agency is a separate public body and exercises governmental functions in planning and carrying out redevelopment projects. The Agency can build public improvements, facilitate the development of on- and off-site improvements for private development projects, acquire and re-sell property, and provide services of special benefit to the Component Areas.

Members of the Agency and their terms of office are shown below:

<u>Member</u>	<u>Term Expires</u>
Albert Vera, Chair	April 2000
Sandra J. Levin, Vice Chair	April 2000
Richard A. Marcus, Member	April 2000
Edward Wolkowitz, Member	April 2002
David Hauptman, Member	April 2002

The Agency has entered into various agreements with the City for financial assistance and services, facilities and personnel support. The Agency reimburses the City for all such services performed on its behalf in amounts equal to the gross salary and employee fringe benefits for all City employees utilized by the Agency, plus an allocation of overhead costs. The Agency is charged interest on the balance of billings and advances from the City not paid within thirty days at the lower of 0.5 percent per annum above the average monthly interest rate earned by the City on its other investments or the maximum legal interest rate.

The following summarizes key Agency staff:

Mark H. Winogrand, Executive Director, was appointed to this position in 1999, after serving as Community Development Director of the City and Assistant Executive Director of the Agency since 1992. He has worked in Community Development and Planning since 1972. He served as Director of Community Development for the newly incorporated City of West Hollywood between 1985 and 1990 and for the City of Lawndale between 1980 and 1985. Mr. Winogrand received his Bachelor of Arts degree in Philosophy from the University of Wisconsin in 1969 and a Master of Arts degree in City Planning from the University of Rhode Island in 1973. Mr. Winogrand also studied at La Universidad Veracruzana, Jalapa, Veracruz, Mexico in 1965.

Miriam Mack is Redevelopment Administrator. Ms. Mack joined the City in May 1993. Ms. Mack's experience beginning in 1974 was with the City of San Buenaventura, where she served as Assistant to the City Manager, Economic Development Coordinator and Assistant Redevelopment Administrator. She was appointed Redevelopment Administrator for the City of San Buenaventura in 1986. Ms. Mack received a Bachelor of Arts degree in History from the University of California, Los Angeles in 1971 and a Master of Arts in Economics from the University of California, Santa Barbara in 1974.

Sue McCabe, the elected City Treasurer, also serves as Treasurer of the Agency. Ms. McCabe graduated from California State University, Northridge with a Bachelor of Science degree in business administration in 1976 and thereafter began her employment with the City in the Accounting Department. In 1980, she became Deputy City Treasurer and in 1988, she was elected to the office of City Treasurer. Ms. McCabe received a Masters degree in Business Administration from Pepperdine University in 1990. She is a California Certified Municipal Treasurer and is a member of the California Municipal Treasurers Association and the Municipal Treasurers Association of the United States and Canada.

Crystal Alexander, Deputy City Treasurer, also serves as Deputy Treasurer of the Agency. Ms. Alexander graduated from the University of Washington with a Bachelor of Arts degree in political science in 1978 and a Master of Public Administration degree in public finance in 1980. Ms. Alexander worked in public sector finance in New York and Washington state before moving to California in 1986. She served as the Budget & Audit Manager for the City of Beverly Hills, and as the City Auditor for the City of Redondo Beach. She was appointed Deputy City Treasurer in 1997. Ms. Alexander is a Certified Government Financial Manager, and a member of the California Municipal Treasurers Association and the Municipal Treasurers Association of the United States and Canada.

Eric Shapiro, City Controller, is a licensed Certified Public Accountant and a graduate of the City College of New York. Mr. Shapiro has worked for Culver City since 1981. While at Culver City, Mr. Shapiro has served as the Assistant to the CAO/Budget and Finance, as the Deputy Treasurer, and as Senior Accountant.

Agency Powers and Duties

The Agency is charged with the responsibility for eliminating blight through the process of redevelopment. Generally, this process is culminated when the Agency disposes of land for development by the private sector, but before this can be accomplished, the Agency must complete the process of acquiring and assembling the necessary sites, relocating residents and businesses, demolishing the deteriorated improvements, grading and preparing the sites for purchase by developers and providing for ancillary off-site improvements.

Redevelopment in the State is carried out pursuant to the Redevelopment Law. Section 33020 of the Redevelopment Law defines redevelopment as the "planning, development, replanning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of all or part of a survey area and the provision of such residential, commercial, industrial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them".

All powers of the Agency are vested in its five members. The Agency exercises all of the governmental functions authorized under the Redevelopment Law and has, among other powers, the authority to acquire, administer, develop and sell or lease property, including the right of eminent domain, and the right to issue debt and expend the proceeds.

The Agency invests any amounts held by it in accordance with the Agency's investment policy. See Appendix B for more detailed information on the Agency's investment policy.

Agency Financial Statements

The Redevelopment Law requires redevelopment agencies to have an independent financial audit conducted each year. The financial audit is also required to include an opinion of the Agency's compliance with laws, regulations and administrative requirements governing activities of the Agency. The firm of KPMG Peat Marwick, LLP, Los Angeles, California, prepared a financial statement for the Agency for the fiscal year ended June 30, 1998. The firm's examination was made in accordance with generally accepted auditing standards. The Agency follows fund accounting principles reflecting the modified accrual basis of accounting in which revenue is recognized when earned or otherwise becomes available, and expenditures are recognized when incurred. The firm reported after their examination that they noted no instances of noncompliance for the fiscal year ended June 30, 1998. See "APPENDIX C - Audited Financial Statements of the Agency for Fiscal Year Ended June 30, 1998." KPMG Peat Marwick has not performed any post-audit review of the financial condition or operations of the Agency.

Agency Indebtedness

The Agency currently has the following outstanding indebtedness (see "APPENDIX C - Audited Financial Statements of the Agency for Fiscal Year Ended June 30, 1998" hereto for additional information relating to the payment of indebtedness of the Agency):

1989 Bonds. As described in "THE FINANCING PLAN - Prepayment of Certain Agency Obligations," the Agency is using Bond proceeds to prepay the portion of the 1989 Loans relating to the 1989 Current Interest Senior Bonds and redeem the 1989 Current Interest Senior Bonds on November 1, 1999, and to prepay the portion of the 1989 Loans relating to the 1989 Subordinate Bonds and redeem the 1989 Subordinate Bonds on December 1, 1999. The portion of the 1989 Loans relating to the 1989 Capital Appreciation Senior Bonds will remain an outstanding indebtedness of the Agency until repaid.

1993 Bonds. In November 1993, the Authority issued \$128,070,000 initial principal amount of 1993 Tax Allocation Refunding Revenue Bonds. The net proceeds of the 1993 Bonds were loaned to the Agency (the "1993 Loans"). The proceeds of the 1993 Loans were used by the Agency to advance refund a portion of the Agency's then-outstanding 1989 Bonds. As of July 1, 1999, \$122,735,000 aggregate principal amount of the 1993 Bonds remain outstanding, along with the corresponding portions of the 1993 Loans. The 1993 Loans are secured by a pledge of Tax Revenues of the Component Area of the Project Area that is senior to the claim of the Bonds on Tax Revenues. See "SECURITY FOR THE BONDS" herein.

Exhibit A

The table below shows the allocation of the outstanding 1993 Loans which secure the 1993 Bonds among the Component Areas, as of July 1, 1999.

<u>Component Area</u>	<u>1993 Loans</u>
Component Area No. 1	\$47,355,000
Component Area No. 2	13,090,000
Component Area No. 3	<u>62,290,000</u>
Total	\$122,735,000

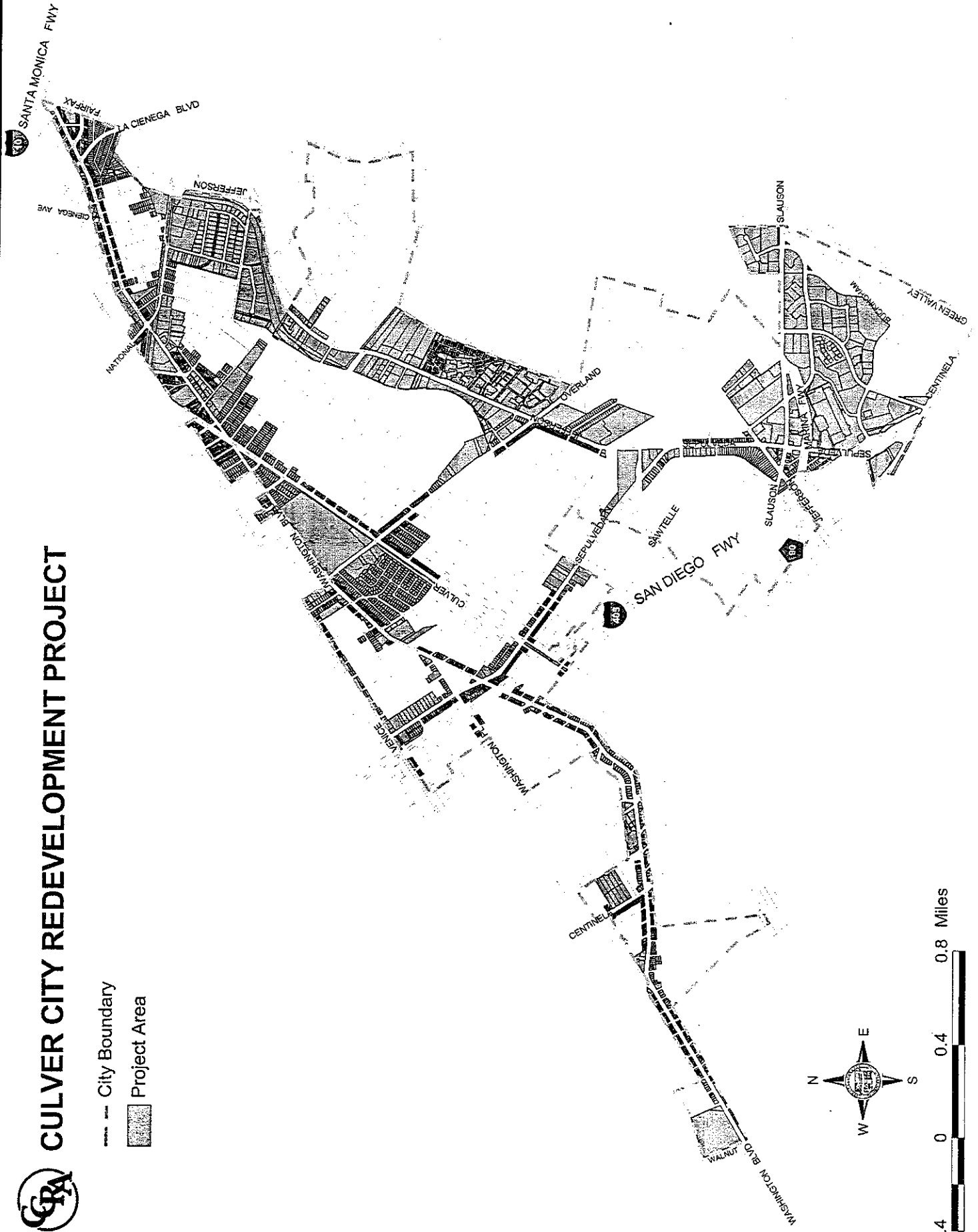
City Loan to Agency. During fiscal year 1993-94, the City advanced funds to the Agency (the "City Loan") to purchase the Southern Pacific/Culver Boulevard right-of-way. The amount advanced on behalf of the Agency was \$1,555,205, of which \$975,000 was repaid within one year of the loan origination date. The City Loan is interest bearing and is due on demand. The City Loan has no claim on Tax Revenues.

Agency/City Cooperation Agreements. The Agency and the City have entered into Cooperation Agreements for Component Areas Nos. 1, 2 and 3, which require the Agency to reimburse the City for advances related to various capital or public improvements of benefit to the respective Component Areas. This indebtedness to the City is subordinate to any tax allocation bonds issued by the Agency, including 1993 Loans and the Bonds.

CULVER CITY REDEVELOPMENT PROJECT



- City Boundary
- Project Area



THE CULVER CITY REDEVELOPMENT PROJECT

General

The Culver City Redevelopment Project (the "Project Area") was formed by the merger of three existing project areas of the Agency and the addition of additional land to the Project Area, with the following gross acreage as set forth below:

<u>Former Project Area</u>	<u>Component</u>	<u>Gross Acres</u>
Slauson-Sepulveda Redevelopment Project Area No. 1	"Component Area No. 1"	306
Overland-Jefferson Redevelopment Project Area No. 2	"Component Area No. 2"	184
Washington-Culver Redevelopment Project Area No. 3	"Component Area No. 3"	526
	"Component Area No. 4"	<u>270</u>
	TOTAL:	1,286

Pursuant to Ordinance No. 98-014 adopted by the City Council on November 23, 1998, each of the currently existing redevelopment plans for the Components (each, a "Redevelopment Plan") was amended to provide, among other things, for the merging of Component Areas Nos. 1, 2 and 3 into the Project Area. Ordinance No. 98-015, adopted by the City Council on November 23, 1998, added territory known as "Component Area No. 4" to the Project Area.

Redevelopment Plan Limitations

The land use restrictions in each Component Area of the Redevelopment Plan expire upon different dates as shown below. Furthermore, no loans, advances or indebtedness to be repaid from tax increment revenues of any Component Area may be established or incurred by the Agency after the expiration of the date set forth in the Redevelopment Plan for such Component Area, but such loan, advance or indebtedness may be repaid with tax increment revenue until the last date the Agency may receive tax increment revenue under the Redevelopment Plan for that Component Area.

In 1993, the California Legislature enacted AB 1290. Among the changes to the Redevelopment Law accomplished by AB 1290 was a provision which limits the period of time for incurring and repaying loans, advances and indebtedness which are payable from tax increment revenues. As part of the 1998 Redevelopment Plan amendment the Agency established, with respect to Component Areas Nos. 1, 2 and 3, time limits on incurring loans, advances and indebtedness, the redevelopment plan termination dates set forth below, and the last dates to receive tax increment revenues set forth below. The 1998 Redevelopment Plan amendment also set time limits for Component Area No. 4, pursuant to applicable law governing the addition of new territory to a redevelopment project area, with respect to establishing loans, advances, and indebtedness to be paid with tax increment revenue, the deadline for effectiveness of the amendment to the redevelopment plan set forth below, and the last date on which indebtedness may be repaid with tax increment revenues set forth below.

Exhibit A

The following table summarizes the Redevelopment Plan expiration dates and loan repayment expiration dates for each of the Component Areas.

<u>Component Area</u>	<u>Plan Adoption</u>	<u>Plan Expiration</u>	<u>Last Date to Receive Tax Increment</u>
Component Area No. 1	July 26, 1971	July 26, 2011	July 26, 2021
Component Area No. 2	December 28, 1971	December 28, 2011	December 28, 2021
Component Area No. 3	November 24, 1975	November 24, 2015	November 24, 2025
Component Area No. 4	November 23, 1998	November 23, 2028	November 23, 2043

The Redevelopment Plan specifies (i) the cumulative total of tax increment revenues the Agency may collect in Component Areas Nos. 1, 2 and 3, and (ii) the maximum bonded indebtedness that may be outstanding in Component Area No. 4. The table below shows these limits for the Component Areas, as well as the cumulative amount of tax increment revenue collected in each Component Area, from the time of adoption of the respective Component Areas, according to the records of the Agency. Component Area No. 4 has no limit on the total tax increment revenues that may be collected, in that redevelopment plans adopted after January 1, 1994 have no such requirement. However, Component Area No. 4 has a maximum outstanding indebtedness it may incur of \$100 million.

<u>Component Area</u>	<u>Permitted Cumulative Tax Revenues</u>	<u>Tax Increment Revenues Received through August 1999</u>	<u>Maximum Outstanding Indebtedness</u>
Component Area No. 1	\$ 755,000,000	\$ 88,837,688	no limit
Component Area No. 2	830,000,000	58,759,040	no limit
Component Area No. 3	3,080,000,000	108,608,025	no limit
Component Area No. 4	no limit	0	\$100 million

Exhibit A

Land Use

The Project Area comprises a mix of industrial, commercial and public uses based upon the fiscal year 1998-99 secured property tax roll (the 1999-00 secured database is not yet available from the County Assessor). The Table 2 below summarizes Project Area land uses. Comparable information reflecting each parcel's acreage is incomplete and has therefore been excluded from Table 2.

TABLE 2
CULVER CITY REDEVELOPMENT AGENCY
Culver City Redevelopment Project
Summary of Land Uses

<u>Land Use</u>	<u>No. of Parcels</u>	<u>1998-99 Value</u>	<u>Percent of Total Value</u>
Industrial			
Manufacturing	250	\$291,013,787	13.98%
Movies & Television	10	99,399,113	4.78
Warehouse/Distribution	62	70,098,733	3.37
Miscellaneous	36	11,481,740	0.55
Residential			
Condominiums	2,152 [1]	261,302,138	12.56
Single Family	380	97,644,116	4.69
Multi Family & Misc.	249	54,942,600	2.64
Commercial			
Office	186	333,887,132	16.04
Retail	365	255,110,445	12.26
Miscellaneous Uses	314	103,287,524	4.96
Hotel & Motel	26	63,007,015	3.03
Institutional Uses	34	61,917,187	2.98
Vacant Land	129	47,197,123	2.27
Other Uses	43	21,053,691	1.01
Unsecured Assessments	N/A	<u>309,869,597</u>	<u>14.89</u>
Totals - Merged Area		\$2,081,211,941	100.00%

Source: Keyser Marston Associates Inc.

[1] Represents condominium units.

Major Taxable Property Owners

The aggregate assessed value of the top twelve secured property owners accounted for approximately 33.74 percent of the fiscal year 1999-00 total assessed valuation (secured and unsecured) of the Project Area. The following table lists twelve major property owners in the Project Area (including three entities related to Sony Corporation) as of the date of this Official Statement based on the records of the County Assessor's office and information compiled by Agency staff. As indicated in the footnotes to the table below, certain major taxpayers have appealed portions of their property assessments. To the extent that such appeals are resolved but are not yet reflected in the County's report of assessed value, the Fiscal Consultant has adjusted amounts to reflect post-appeal value. Property owners with pending assessment appeals are presented below with their pre-appeal valuations. The Fiscal Consultant has included an estimate of the reduction resulting from resolved and pending appeals in the projection of Tax Revenues presented in "Projected Tax Revenues." See "Appendix G - Fiscal Consultant Report."

TABLE 3
CULVER CITY REDEVELOPMENT AGENCY
Culver City Redevelopment Project
Twelve Largest Taxable Property Owners for Fiscal Year 1999-00

<u>Assessee</u>	<u>Property Use</u>	<u>Component Area</u>	<u>No. of Parcels</u>	<u>1999-00 Secured Assessed Value</u>	<u>% of Total Project Value [1]</u>
Sony-Related Entities					
Lot Inc.	Film Studios/Offices [2]	No. 3	11	\$234,208,050 [3]	10.73%
Sony Pictures Properties Inc.	Film Production [4]	No. 3	23	103,401,108	4.74
Filmland Development Inc.	Film Production/Office [5]	No. 3	1	83,441,312	3.82
Arden Realty	Commercial Office [6]	No. 1	5	77,131,237	3.54
Westfield America	Retail Development [7]	No. 1	10	68,233,448	3.13
Brotman Partners LP	Medical Center[8]	No. 3	8	32,246,609	1.48
Teachers Insurance Annuity	Commercial Office [9]	No. 1	11	31,500,359	1.44
Amberdon Corporate Pointe Ltd.	Office Building [10]	No. 1	3	24,150,000	1.11
Costco Wholesale Corporation	Retail Development [11]	No. 4	1	24,000,000	1.10
Center Properties	Retail Development[12]	No. 3	23	23,101,473	1.06
Urban Hotels Inc.	Commercial Hotel[13]	No. 1	1	17,464,651	0.80
WP WLA Real Estate Ltd. Part.	Commercial Office [14]	No. 1	16	17,162,213	0.79
Total				\$736,040,460	33.74%

- [1] Based upon reported fiscal year 1999-00 Project Area value of \$2,181,898,498.
- [2] Movie-related site affiliated with Sony. Lot, Inc. currently has 5 pending property tax appeals filed for fiscal year 1998-99. For fiscal year 1997-98, 5 appeals were withdrawn.
- [3] Both secured and unsecured assessed value; unsecured value represents a leasehold interest held by Lot Inc.
- [4] Movie-related business. Sony currently has 22 pending property tax appeals filed for fiscal year 1998-99 and 3 pending for fiscal year 1997-98.
- [5] Movie-related business occupied by Sony under a long-term lease. Filmland currently has 1 pending property tax appeal filed for fiscal year 1998-99 and 1 pending for fiscal year 1997-98.
- [6] Includes an 83,000 square foot office building in the Fox Hills Business Center, a 12-story office building, a parking structure and two other office buildings. Arden Realty currently has 3 pending property tax appeals filed for fiscal year 1998-99, 5 pending for fiscal year 1997-98, and 2 pending for fiscal year 1996-97.
- [7] Westfield Shoppingtown Fox Hills (formerly named Fox Hills Mall), a shopping and retail center formerly owned by HBH Associates. The shopping center was acquired by Westfield America in 1998 (although HBH Associates is still shown as assessed owner in the County assessor's records). Westfield America currently has 1 pending property tax appeal filed for fiscal year 1998-99 and 1 pending for fiscal year 1997-98.
- [8] 500-bed Brotman Medical Center. Brotman Partners currently has 8 pending property tax appeals filed for fiscal year 1998-99 and 4 pending appeals for fiscal year 1997-98.
- [9] Office buildings in Fox Hills Business Center and Buckingham Heights Business Park. Teachers Insurance Annuity currently has 1 pending property tax appeal filed for fiscal year 1998-99, 4 pending appeals for fiscal year 1997-98 and 3 stipulated appeals for fiscal year 1997-98.
- [10] Two office buildings totaling 204,612 square feet and a 1,395-space parking structure in Corporate Pointe. Amberdon Corporate Pointe currently has 3 pending property tax appeals filed for fiscal year 1998-99.

Exhibit A

- [11] A 223,000 square-foot retail center that includes a Costco Store that opened in June 1999, as well as Lucky/Sav-On and other retail businesses that are under development. Assessed value reflects land value only. Marina Place Associates, the former owner, has 1 pending property tax appeal for fiscal year 1997-98.
- [12] 10.5 acre retail center known as "Westside Walk." Center Properties currently has 22 pending property tax appeals filed for fiscal year 1998-99. For fiscal year 1997-98, 20 appeals were withdrawn.
- [13] A 259-room Ramada Inn. Urban Hotels Inc. currently has 1 pending property tax appeal for fiscal year 1998-99 and 1 invalidated appeal for fiscal year 1997-98.
- [14] A 160,000 square foot office complex known as Park Place consisting of 16 buildings. WP WLA Real Estate currently has no reported property tax appeals.

Source: Keyser Marston Associates Inc.

The last dates to receive tax increment revenue from Component Areas Nos. 1 and 2 are July 26, 2021 and December 28, 2021, respectively, meaning that tax increment revenue derived from those Component Areas will become unavailable to the Agency prior to the maturity date of the Bonds. See "- Redevelopment Plan Limitations" above. The three largest property owners in the Project Area (all of which are affiliated with Sony), currently representing a total of 19.29% of total taxable value in the Project Area, are located in Component Area No. 3. Therefore, the concentration of taxable property ownership on these three Sony-affiliated entities is likely to increase significantly after 2021.

Existing Land Ownership, Land Use and Current Development

Significant Ownership Interests. The following discussion summarizes information regarding the five owners of land with the highest assessed value in the Project Area.

Sony Corporation. The Sony Corporation ("Sony"), a global leader in electronic equipment and entertainment, owns or controls the three property owners with the highest assessed value in the Project Area. Lot Inc., the Project Area's largest assessee, is the record owner of the main studio lot and the four acre Thalberg Office Building parcel and adjacent parking lot, all of which were originally a portion of the original motion picture production and office facilities of Metro-Goldwyn-Mayer Film Company ("MGM"). Lot Inc. is a subsidiary of Sony Pictures Entertainment.

Sony acquired the original motion picture production and office facilities of MGM in December 1989, which include a variety of movie production and recording studios that today remain as one of the most complete filmmaking facilities in Southern California. Sony Entertainment Corporation utilizes the site as its headquarters and locus for film production activities. Sony and its subsidiaries, Sony Pictures, Columbia Pictures and Tri-Star, are presently operating on-site.

Sony operates the Culver Studios facility (the original David O. Selznick Studio) as the master lessee. Culver Studios is used as a non-competing, complementary facility to Sony's facilities on the former MGM site. Culver Studios is currently utilized as a non-union film production facility with portions subleased for the filming of television commercials. In December 1994, the Agency approved an Owner Participation Agreement with Culver Studios, resulting in the construction of a 160,000 square foot building for office and studio space (Sony Imageworks) over a 613-space subterranean parking garage. The Agency assisted with assembling the parcel for development.

The Filmland Corporate Center, the largest single building in the downtown area, is the result of a disposition and development agreement between the Agency and Filmland Development, Inc. (the third largest assessee in the Project Area). Completed in March 1986, the U-shaped building, consisting of eight stories and a three-level underground parking structure for 1,100 vehicles, provides 320,000 square feet of space. Located immediately east of the Sony Studios facilities, the Filmland Corporate Center (now called Sony Pictures Plaza)

Exhibit A

is now occupied by Sony under a 20 year lease with 2 five-year renewal options. The facility provides space for support services associated with the entertainment industry as well as other business and professional office space.

Arden Realty. Arden Realty Finance Partnership (the fourth largest assessee in the Project Area) owns a four-story, 83,000 square foot office building in the Fox Hills Business Center, a 12-story office building known as 600 Corporate Pointe, a multilevel parking garage known as 601 Corporate Pointe, and an office building known as 400 Corporate Pointe.

Westfield America. The Westfield Shoppingtown Fox Hills regional shopping center (formerly named Fox Hills Mall), built in 1975 on 49.60 gross acres pursuant to a disposition and development agreement, is the largest single completed development in Component Area No. 1. The complex consists of three department stores (Macy's, J.C. Penney, and Robinsons-May), a two- and three-level enclosed tenant mall (with 131 specialty stores), and associated parking. Over \$3 million was spent to rehabilitate the mall in 1988-89. The Agency contributed funds to a \$6 million conversion of the Broadway Department Store into a Macy's Department Store, which was completed in December 1997.

In October 1998, Trizec-Hahn sold the mall and other properties in California to Westfield America, Inc., a real estate investment trust (the fifth largest assessee in the Project Area). Westfield is in the process of designing a significant upgrade of the mall, including the addition of a fourth major department store and a new parking structure.

The following table summarizes gross building area and commercial space associated with Westfield Shoppingtown Fox Hills:

	Gross Area (square feet)
Department Stores:	
Macy's[1]	168,154
J.C. Penney[1]	191,488
Robinsons-May	147,845
Tenant Area in Mall	318,083
Public Common Area in Mall	167,691
California Federal Savings and Loan and Office	7,954
Goodyear	7,470
J.C. Penney Home Store	19,900
Office Building	25,565
Total	1,054,150

[1] Includes other detached retail outlets.

Source: Culver City Redevelopment Agency.

Current Development. The following discussion summarizes information regarding current office, industrial, retail, residential and public developments in the Project Area.

Office/Industrial.

Corporate Pointe. In 1981, the Agency entered into a Disposition and Development Agreement ("DDA") for the development of Corporate Pointe, a master-planned multi-phase development that provides for up to 1,550,000 square feet of gross leaseable floor area of office space, including restaurants and associated retail stores. To date, six of the nine planned buildings have been constructed containing approximately 745,377 square feet of office space, including two office buildings and a 1,395-space parking structure owned by Amberdon Corporate Pointe, Ltd., and an

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office building with 109,400 square feet of leasable space owned by Prudential Insurance. Twelve acres remain vacant. Discussions about potential users for the remaining vacant properties have been on-going with the Bank of Montreal, the lender on the property. The remaining construction is proposed to be three additional buildings and their parking structures, in accordance with the DDA.

Jefferson Boulevard. The Agency adopted a Design for Development (DFD) for the north side of Jefferson Boulevard in 1977 to guide future development. One site rehabilitated to substantially conform with the DFD is currently under renovation. Approximately 60% of the site is leased to CarsDirect.com.

Howard Industries. In December, 1994 the Agency approved a Disposition and Development Agreement for the development of the Howard Industries project, a warehouse, distribution and office facility for heating, ventilation and air conditioning equipment distribution, consisting of approximately 164,000 square feet of gross floor area. This project was completed in March 1997.

Hayden Tract. The City Council adopted "Culver City at the Crossroads," a comprehensive economic development strategy, in June 1995. One of the first areas of the City to benefit from this strategy is a 57-acre area known as the Hayden Tract, the City's largest and oldest industrial area containing almost 1.5 million square feet of leaseable industrial and commercial space. The area boasts some of the most interesting adaptive architecture in the area, with several buildings creatively redesigned by award-winning architect Eric Owen Moss. The Agency has funded public improvements (such as street lighting, street trees and parking lot improvements), provided financial assistance to new businesses in this area, and implemented a special marketing effort. Among the area's notable businesses are Smashbox (photo studio), Pittard Sullivan (digital titling for film and video production), Sussman/Prejza (graphic design), Jason Natural Products (natural cosmetics), and Southern California Graphics (printing).

Entertainment-Related Uses.

Culver Regional Business Park. The Culver Regional Business Park consists of 26 acres on which 548,000 square feet of buildings are located. The property has been subdivided and is owned by multiple interests. Buildings within this development range from 10,000 to 70,000 square feet. In recent years, media production companies have rented space in this business park.

10950 Building. The former Hamilton-Avnet facility has been transformed into a center for businesses linking new digital imaging technologies with the traditional communications, film and television industries. New businesses include Centropolis Effects, Intertainer and Unapix.

Commercial/Retail.

Kite Site Master Plan. On July 5, 1994, the Agency approved Disposition and Development Agreements with Office Depot, Inc. and Circuit City Stores, Inc., and General Motors, who proposed a master planned development for the Kite Site, a major parcel owned by the Agency. The 25,000 square foot Office Depot and the 33,000 square foot Circuit City celebrated their grand openings in Fall 1995. Fox Hills Buick, a dealership for Pontiac, Buick and GMC Trucks, opened for business in December 1995. As part of the Kite Site Master Plan effort, a 7,200 square foot restaurant was built on a nearby site in March 1995.

Target/Staples Center. The Target/Staples Center consists of a Target Store and Staples Office Supply. A 19,000 square foot addition to the Target Store was completed in Spring 1997. Immediately adjacent to the Target/Staples Center is a five-acre 55,675 square foot retail commercial development consisting of 15 shops, including a Ross Dress for Less department store.

Culver Center/Westside Walk. Culver Center is a 50-year old community shopping center that was rehabilitated pursuant to a disposition and development agreement with the Agency. In 1999, it was renamed "Westside Walk." Major tenants of this 10.5 acre facility are: Sizzler Restaurant, Ralphs Market, Rite-Aid Drug, Sit 'n Sleep, Goodyear Tires, Starbuck's, Robek's Juice, Bally Health Clubs, the Culver City Chamber of Commerce, and a branch of Bank of America. Plans have been submitted to construct a Best Buy store. Westside Walk is owned by Center Properties, the Project Area's ninth major assessee.

Car Dealerships. The Project Area contains several car dealerships, including Culver City Import Group, Mike Miller Toyota, Mike Miller Honda, Albertson Oldsmobile and Westside Volvo, most of which have remained in business for many years and continue to provide auto sales and service. On August 2, 1999, the Agency approved the development of a new 54,000 square-foot Honda dealership facility on a 1.88-acre site.

Proposed Town Plaza Development. Following the May 3, 1999 certification of an Environmental Impact Report, on September 7, 1999, the City Council and the Agency approved a Disposition and Development Agreement with DDR Oliver McMillan Culver City, LLC, for development of a mixed-use retail entertainment complex including a maximum 3,200 seat cinema (16 screens), office space, and food service uses. In addition, the Agency will construct an 800-space public parking structure on the former Murphy Buick site that the Agency acquired in 1997.

Costco Development. A 223,000 square-foot commercial development is underway on an 18-acre site on Washington Boulevard, which includes a new Costco Store (which opened in June 1999), a Lucky/Sav-On Store (anticipated to open in November 1999), and other retail businesses (expected to start construction before the end of 1999). The 18 acre site was formerly the site of a McDonnell Douglas aircraft and assembly plant and later a Hughes Helicopter assembly plant.

Culver City Self Storage. Culver City Self Storage is currently under construction on Jefferson Boulevard. The Agency expects this 119,577 square-foot project to be complete in 1999.

Beacon Laundry. Renovation and adaptive reuse of a locally designated historic building, Beacon Laundry, and a 10,000 square-foot building addition, are currently in the design stage. The building is located at the northeast corner of Washington Boulevard and Helms Avenue and is intended for new retail and office use, design studios and furniture showrooms. The Agency expects this project to begin construction in early 2000.

Residential.

Playa Pacifica Townhomes. Sited on an 11 acre tract, the Playa Pacifica townhome development consists of 173 planned condominium units. Phase I, consisting of 74 units, was completed in 1993. Phase II, consisting of 49 units was completed in Spring 1998. Phase III, consisting of 50 units, was completed in Fall 1998.

The Classics at Heritage Park. The Agency approved a Disposition and Development Agreement with Braemar Urban Ventures, The Lee Group, Inc., and the Educational Resource and Services Center, Inc. (ERAS) on March 9, 1998, for the sale and development of the former Studio Drive-In Theatre, a nine-acre site located between Sepulveda Boulevard and Jefferson Boulevard. The development consists of 57 single family dwellings to be known as "The Classics at Heritage Park" and construction of a 39,000 square-foot facility for the ERAS School. Construction started in February 1999. The Agency expects construction to be completed in early 2000.

Affordable Housing. In support of the residential neighborhoods, the Agency has provided assistance in the construction of 209 new low and moderate income dwelling units and the rehabilitation of 853 dwelling units which are owned or occupied by low or moderate income families. Rehabilitation assistance has been provided to property owners through secured loans, with interest rates subsidized by tax increment revenues. The Agency also acquired several marginally developed lots which have been sold and developed with lower-rent apartment and market-rate single-family homes. In addition, a mixed-use commercial and residential project that includes 20 rental units affordable to low- and moderate-income persons was completed in April 1999 with affordable housing financial assistance from the Agency.

Public Improvements and Facilities.

Machado Road. The Agency funded the construction of a connector road along the southeasterly side of The Classics at Heritage Park site to reduce traffic congestion on Sepulveda Boulevard and Jefferson Boulevard. Construction of the connector road (renamed Machado Road) was completed in May 1994.

Downtown Streetscape. Several public improvements have been undertaken in the downtown area, including the funding of numerous improvements to Culver Boulevard, including new 30-foot wide sidewalks, street furniture, landscaped median islands, street trees, reconstruction of the Culver/Washington Boulevard intersection, and funding extensive public art installations.

Senior Center Development. The Agency has committed the three-acre former Interim City Hall site at 4095 Overland Avenue for construction of a new senior center. The Agency anticipates construction to begin in mid-2000.

Downtown Area.

Culver Theater. In 1985, the Agency acquired the Culver Theater, a motion picture theater with an approximate 900 seat capacity. Negotiations with the proposed developer did not conclude successfully. The Agency completed asbestos remediation in October 1995. The Agency is negotiating with a development team lead by Center Theatre Group, the performing arts group that operates the Mark Taper Forum and Ahmanson Theater in Los Angeles, to renovate and operate this facility as a performing arts venue.

Ivy Substation and Media Park. Pursuant to the terms of a 40-year lease executed in 1987 with the City of Los Angeles, the Agency completed the renovation of Ivy Substation and Media Park. The Ivy Substation is an historic building identified on the National Register of Historic Places. This facility can be rented for private parties, and is also used for cultural activities and as a live performance venue.

City Hall and Other Public Buildings. The Agency funded and managed the construction of the new 80,000 square foot City Hall, completed in the summer of 1995. Also in Downtown, the Agency funded construction of the 330-space Watseka Public Parking Structure (completed in September, 1992), Replacement Fire Station No. 1 (completed in February, 1993), and construction of the 400-space Cardiff Public Parking Structure (estimated completion in October 1999).

Paseo Network. In November 1997, the Agency approved the Paseo Network Concept Plan, which set forth the framework and priorities for making improvements to alleyways in the City. The Agency completed the first link of the Paseo Network in 1997 with improvements adjacent to the Sagebrush Cantina. A portion of this paseo is now used for outdoor dining.

Revitalization Programs.

East Washington Commercial Area. The award-winning Washington Boulevard Streetscape Project was completed in April 1998 at a total cost of \$5.7 million. The Agency is actively encouraging new investment through the East Washington Overlay Zone, adopted by the City Council in December 1994, and the East Washington Facade Improvement Program.

Commercial Facade Improvement Programs. In 1992 the Agency initiated Commercial Facade Improvement Programs for the Downtown and East Washington areas. In November 1993 the Agency helped establish the Culver City Revitalization Corporation, a non-profit corporation dedicated to funding the rehabilitation of commercial properties located in the City of Los Angeles, but at the gateway to Downtown Culver City. Based on the success of these programs, on October 21, 1996, the Agency adopted the Mid-Washington Commercial Facade Improvement Program for the south side of Washington Boulevard between Overland Avenue and Elenda Street. On June 21, 1999, the Agency approved the Sepulveda Boulevard Commercial Facade Improvement Program. The Facade Programs grant property owners or businesses up to 60 percent for the cost of rehabilitating the building's facade, up to a maximum amount established by formula. By July 1999, staff had worked with 74 properties, completed 34 projects and had another 28 in progress.

Statutory Pass Through Requirements

Debt service on the Bonds is subject to the statutory pass-through requirements, as follows.

Component Areas Nos. 1, 2 and 3. On November 23, 1998, the Agency approved technical amendments to the redevelopment plans for Component Areas Nos. 1, 2 and 3. As a result, the Agency is required to allocate the statutory pass-through to the affected tax entities commencing in the first fiscal year following the one in which one or more of the limitations amended in 1998 would have otherwise taken effect. For each of Component Areas No. 1, 2 and 3, the statutory pass-through will commence in Fiscal Year 2004-05 according to the following formulas:

(a) From Fiscal Year 2004-05 through Fiscal Year 2013-14, the Agency will pay affected taxing agencies an amount equal to 25 percent of the tax increment received by the Agency, after the amount required to be deposited into the Low and Moderate Income Housing Fund, for amounts over the adjusted base for the previous fiscal year.

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(b) Commencing in Fiscal Year 2014-15, the Agency will pay affected taxing agencies, in addition to the amount specified in (a) above, an amount equal to 21 percent of the tax increments which are in excess of the values in Component Area Nos. 1, 2 and 3 in the tenth fiscal year, after the amount required to be deposited into the Low and Moderate Income Housing Fund.

Component Area No. 4. Component Area No. 4 is subject to the statutory pass-through requirements providing for the following specific formulas for payment by the Agency to affected taxing entities:

(a) From the first fiscal year through the last fiscal year in which the Agency receives tax increments from Component Area No. 4, the Agency will pay affected taxing agencies an amount equal to 25 percent of the tax increments received by the Agency, after the amount required to be deposited into the Agency's Low and Moderate Income Housing Fund.

(b) From the eleventh fiscal year through the last fiscal year in which the Agency receives tax increments from Component Area No. 4, the Agency will pay affected taxing agencies, in addition to the amount specified in (a) above, an amount equal to 21 percent of the tax increments which are in excess of the values in Component Area No. 4 in the tenth fiscal year, after the amount required to be deposited into the Low and Moderate Income Housing Fund.

(c) From the thirty-first fiscal year through the last fiscal year in which the Agency receives tax increments, the Agency will pay affected taxing agencies, in addition to the amount specified in (a) and (b) above, an amount equal to 14 percent of the tax increments received by the Agency from Component Area No. 4 which are in excess of the values in Component Area No. 4 in the thirtieth fiscal year, after the amount required to be deposited into the Low and Moderate Income Housing Fund.

The Projected Tax Revenue table set forth herein (Table 8) assumes that the amount of Tax Revenues available to pay debt service reflects the prior payment of the pass-through payments from tax increment generated in the Project Area. The Agency has requested the affected tax entities to approve the subordination of their respective allocations of the statutory pass-through to the payments of debt service on the non-refunding portion of the Bonds. However, there is no assurance that such subordination will be approved.

Tax Sharing Agreement

In 1990 the Agency, the City and the School District entered into a Third Amended Agreement for the Overland-Jefferson Redevelopment Project No. 2 (the "Subordination Agreement"), effective March 27, 1990. Under the Subordination Agreement, the Agency agreed to make certain annual payments to the School District, and the School District agreed that all such annual payments made on and after September 30, 1994, would be subordinate to (i) the Agency's bonded indebtedness as of the date of the Subordination Agreement, (ii) future indebtedness for refunding such bonded indebtedness in annual amounts not to exceed the then-current annual debt service, and (iii) the Agency's sale of new, non-refunding tax allocation bonds; provided, however, that the Agency agreed it would not incur any indebtedness for such bonds when it is reasonably foreseeable such indebtedness would impair the Agency's obligations under the Subordination Agreement. Failure by the Agency to size such new bonds in the manner required by the Subordination Agreement constitutes a material breach of the Subordination Agreement. Payments by the Agency under the Subordination Agreement are also subordinate to the Agency's annual administrative costs for Component Area No. 2, the Agency's programs/projects set forth in the cash flow analysis for Component Area No. 2

dated March 13, 1990, and the Agency's retention of an annual balance of \$1 million for Component Area No. 2.

Low and Moderate Income Housing

Legal Requirements. The Redevelopment Law generally requires redevelopment agencies to set aside 20% of all tax increment revenues derived from redevelopment project areas in a low and moderate income housing fund.

Deferred Set-Aside Payments. During fiscal years 1985-86 through 1995-96, pursuant to Section 33334.6 of the Redevelopment Law, the Agency made the required findings to defer certain of its low and moderate income housing deposit requirements. As of June 30, 1999, the Agency had deferred the payment of \$16,898,900. This obligation will be repaid from tax increment revenues in future years after certain existing obligations and bonded indebtedness (including the Bonds) are repaid.

Priority of Senior Obligations. The obligation of the Agency under the Redevelopment Law to set aside moneys for low and moderate income housing activities is subordinate to the Agency's obligation to make principal and interest payments on certain obligations created prior to January 1, 1986 ("Senior Obligations"). Obligations incurred on or after January 1, 1986 are deemed obligations created prior to January 1, 1986 if the net proceeds are used to refinance Senior Obligations.

A portion of the proceeds of the 1989 Bonds constituted Senior Obligations because they were used to refund bonds of the Agency that were issued in 1985 (prior to January 1, 1986). The proceeds of the 1993 Bonds were used entirely to refund a portion of the 1989 Bonds. Therefore, the portion of 1993 Bond proceeds used to refund the Senior Obligation portion of the 1989 Bonds also constitutes Senior Obligations. The Senior Obligation portion of the 1993 Bonds is approximately 51.4%. Similarly, a portion of the proceeds of the Bonds is being used to refund the remaining portion of the 1989 Bonds. Therefore, the portion of the Bond proceeds used to refund the Senior Obligation portion of the remaining 1989 Bonds also constitutes Senior Obligations. The Senior Obligations portion of the Series A Bonds is approximately 30.0%, and the Senior Obligations portion of the Series B Bonds is approximately 70.5%.

Amounts Available From Low and Moderate Income Housing Fund to Pay Debt Service on the Bonds. Under the Redevelopment Law, the Agency must use amounts deposited in the Low and Moderate Income Housing Fund to increase, improve, and preserve the supply of low and moderate income housing within the jurisdiction of the Agency. Because a portion of the 1989 Bonds was used to finance or refinance low and moderate income housing projects, debt service on the portion of the Bond proceeds used to refund the corresponding portion of the 1989 Bonds (approximately 7.31% of the 1993 Bonds and 0.3% of the Bonds) is payable from the Low and Moderate Income Housing Fund.

TAX REVENUES

Historic Assessed Value and Tax Revenues

Set forth in the table below is a summary of the historical assessed values in the Project Area for fiscal years 1994-95 through 1999-00. The County Auditor-Controller has not yet reported fiscal year 1999-00 unsecured values for Component Area No. 4 and, as a result, the unsecured values reflected in Table 4 are for fiscal year 1998-99.

Table 4
CULVER CITY REDEVELOPMENT AGENCY
Culver City Redevelopment Project
Historic Project Area Assessed Values [1]

	1994-95	1995-96	1996-97	1997-98	1998-99 [2]	1999-00	Avg %
	<u>Areas 1,2,3</u>	<u>Areas 1,2,3</u>	<u>Areas 1,2,3</u>	<u>Areas 1,2,3</u>	<u>Areas 1,2,3,4</u>	<u>Areas 1,2,3,4</u>	<u>Chg</u>
Secured :							
Land	\$599,927,077	\$588,738,646	\$602,041,376	\$590,700,268	\$783,952,715	\$813,435,506	5.76%
Improvements	905,268,475	845,053,606	838,736,535	867,531,181	1,002,188,672	1,066,526,816	2.65%
Personal Property	1,775,834	2,565,175	3,776,315	11,149,012	13,226,742	12,099,937	48.81%
Exemptions	<u>14,114,991</u>	<u>16,082,525</u>	<u>19,192,900</u>	<u>19,481,776</u>	<u>28,025,785</u>	<u>27,746,306</u>	<u>9.26%</u>
Total Secured	1,492,856,395	1,420,274,902	1,425,361,326	1,449,898,685	1,771,342,344	1,864,315,953	3.91%
Percentage Change		(4.86%)	0.36%	1.72%	22.17%	5.52%	
Unsecured :							
Land	0	0	0	0	0	0	0.00%
Improvements	63,614,339	64,902,047	50,091,031	47,897,542	72,443,538	69,050,159	1.02%
Personal Property	151,674,729	139,897,561	171,908,797	190,361,113	237,986,859	249,247,186	8.44%
Exemptions	<u>290,500</u>	<u>350,400</u>	<u>314,100</u>	<u>470,900</u>	<u>560,800</u>	<u>714,800</u>	<u>12.18%</u>
Total Unsecured	214,998,568	204,449,208	221,685,728	237,787,755	309,869,597	317,582,545	5.90%
Percentage Change		(4.91%)	8.43%	7.26%	30.31%	2.49%	
Merged Area Value[1]							
Land	599,927,077	588,738,646	602,041,376	590,700,268	783,952,715	813,435,506	5.76%
Improvements	968,882,814	909,955,653	888,827,566	915,428,723	1,074,632,210	1,135,576,975	2.43%
Personal Property	153,450,563	142,462,736	175,685,112	201,510,125	251,213,601	261,347,123	9.11%
Exemptions	<u>14,405,491</u>	<u>16,432,925</u>	<u>19,507,000</u>	<u>19,952,676</u>	<u>28,586,585</u>	<u>28,461,106</u>	<u>9.26%</u>
Total Merged Area	\$1,707,854,963	\$1,624,724,110	\$1,647,047,054	\$1,687,686,440	\$2,081,211,941	\$2,181,898,498	4.17%
Percentage Change		(4.87%)	1.37%	2.47%	23.32%	4.84%	

[1] Source: Los Angeles County Auditor-Controller.

[2] 1998-99 base year values for Component Area No. 4 have been incorporated in the FY 1998-99 values shown.

Source: Keyser Marston Associates, Inc.

The following table shows, for each of the most recent five fiscal years: (i) reported assessed values, (ii) incremental taxable value and total tax levy, (iii) actual receipts of tax increment, and (iv) delinquency rate (i.e., the percentage of current year collections relative to the amount levied). The County has not elected to follow the procedures of Sections 4701 et seq. of the California Revenue and Taxation Code, known as the "Teeter Plan" as to general

Exhibit A

taxes entered and collected on the secured tax roll. Therefore, property tax revenues in the Project Area reflect actual collections. The Fiscal Consultant Report states that a comparison of the historic receipt rate revealed an average collections rate of nearly 97 percent over the most recent five-year period, reflecting a delinquency rate ranging from a high of 4.84 percent in fiscal year 1996-97 to a low of 1.8 percent in fiscal year 1998-99.

TABLE 5
CULVER CITY REDEVELOPMENT AGENCY
Culver City Redevelopment Project
Historic Incremental Values and Tax Receipts

Reported Assessed Value[1]:	1994-95	1995-96	1996-97	1997-98	1998-99
Secured [2]	\$1,492,856,395	\$1,420,274,902	\$1,425,361,326	\$1,449,898,685	\$1,500,702,992
Unsecured [2]	<u>214,998,568</u>	<u>204,449,208</u>	<u>221,685,728</u>	<u>237,787,755</u>	<u>272,885,045</u>
Total Value	1,707,854,963	1,624,724,110	1,647,047,054	1,687,686,440	1,773,588,037
Less Base Value[2]	<u>235,871,675</u>	<u>235,871,675</u>	<u>235,871,675</u>	<u>235,871,675</u>	<u>235,871,675</u>
Incremental Value	1,471,983,288	1,388,852,435	1,411,175,379	1,451,814,765	1,537,716,362
 Averaged Tax Rate	 1.0180767%	 1.0115703%	 1.0124176%	 1.0125990%	 1.0122228%
 Gross Tax Increment	 14,986,436	 14,049,220	 14,286,943	 14,701,000	 15,565,040
Unitary Tax Revenue	<u>438,460</u>	<u>439,055</u>	<u>429,724</u>	<u>438,606</u>	<u>441,974</u>
Total Computed Levy	15,424,896	14,488,275	14,716,667	15,139,606	16,007,014
 Tax Allocation [3]:					
Secured Tax Increment	13,296,887	12,297,140	12,289,757	12,837,046	13,339,808
Unsecured Tax Increment	1,338,111	1,132,449	1,285,413	1,523,853	1,937,351
Unitary Tax Revenue	<u>438,460</u>	<u>439,055</u>	<u>429,724</u>	<u>438,606</u>	<u>441,974</u>
Annual Tax Increment	15,073,459	13,868,644	14,004,893	14,799,505	15,719,133
Computed Levy Variance	(351,437)	(619,631)	(711,773)	(340,102)	(287,881)
 % Delinquency	 2.28%	 4.28%	 4.84%	 2.25%	 1.80%

[1] Exclusive of Component Area No. 4.

[2] Amounts shown as reported by the Los Angeles County Auditor-Controller in August of each fiscal year.

[3] Source: Los Angeles County Auditor-Controller year-end remittance advice summaries. Amounts represent the annual tax increment revenues allocable to the Agency and are exclusive of administrative fees, supplemental taxes, prior year redemption payments, tax refunds, adjustments by the County Assessor, and pass-through payments.

Source: Keyser Marston Associates Inc.

Appeals of Assessed Values

General. Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written appeal. After the applicant and the assessor have presented their arguments, the applicable local appeals board makes a final decision on the proper assessed value. The appeals board may rule in the assessor's favor, rule in the applicant's favor, or set its own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after

that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date. A base year assessment appeal has significant future revenue impacts because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the 2 percent inflation factor, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Section 51 of the Revenue and Taxation Code permits a reduction in the assessed value if the full cash value of the property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS - Property Tax Limitations- Article XIII A" below.

The taxable value of unitary property may be contested by utility companies and railroads to the State Board of Equalization. Generally, the impact of utility appeals is on the statewide value of a utility determined by the State Board of Equalization. As a result, the successful appeal of a utility may not impact the taxable value of a project area but could impact a project area's allocation of unitary property tax revenues.

Historic Appeals. In connection with the preparation of the Fiscal Consultant's Report (see "APPENDIX G - Fiscal Consultant Report"), the Fiscal Consultant has obtained appeal information through the first quarter of 1999 from the Los Angeles County Assessment Appeals Board database. The table below shows a history of appeals in the Project Area.

TABLE 6
CULVER CITY REDEVELOPMENT AGENCY
Culver City Redevelopment Project
History of Appeals in Project Area

<u>Fiscal Year [1]</u>	<u>Total Filings</u>	<u>Stipulated or Reduced</u>	<u>Denied, Invalid, Withdrawn or Non-Appeal</u>	<u>Open Appeals</u>
1998-99	161	1	0	160
1997-98	297	63	166	68
1996-97	464	86	365	13
1995-96	471	206	258	7
1994-95	279	91	184	4
1993 & prior	98	12	84	0
Total:	1,770	459	1,057	252

[1] Represents filings as of the beginning of each fiscal year.
Source: Keyser Marston Associates Inc.

The database of assessment appeal records for the Project Area totaled over 3,100 records. For these records, historic statistical patterns prior to fiscal year 1997-98 indicate that an average of 34 percent of all filed appeals were reduced or stipulated, while approximately 65 percent of all filed appeals subsequently were withdrawn, denied, deemed invalid or the applicant failed to appear.

Based on certain assumptions that were derived from a statistical analysis of the historic assessment records, the Fiscal Consultant has projected expected valuation reductions for open appeals in the Project Area. The following table summarizes the projected adjustments to assessed value in the Component Areas (which are assumed to occur in fiscal year 1999-00) due to anticipated resolution of currently pending appeals.

TABLE 7
CULVER CITY REDEVELOPMENT AGENCY
Culver City Redevelopment Project
Projected Appeals in Project Area [1]

<u>Component Area</u>	<u>No. of Open Appeals [2]</u>	<u>Total Contested Value</u>	<u>Applicant Opinion of Value</u>	<u>Projected Resolved Value</u>	<u>Projected Change in Value</u>	<u>Projected Tax Refund</u>
Component Area No. 1	48	\$394,284,155	\$191,988,658	\$377,566,326	(\$16,717,829)	(\$167,000)
Component Area No. 2	25	22,528,522	16,265,468	22,082,036	(446,486)	(4,000)
Component Area No. 3	139	639,969,236	448,130,279	577,602,780	(62,366,456)	(624,000)
Component Area No. 4	40	56,328,987	38,355,019	52,884,773	(3,444,214)	-0-
Total	252	\$1,113,110,900	\$694,739,424	\$1,030,135,916	(\$82,974,984)	(\$795,000)

[1] As of first quarter 1999.

[2] Includes all outstanding appeals for all fiscal years up to fiscal year 1998-99. In fiscal year 1998-99, the numbers of appeals closed due to stipulation, denial, withdrawal, non-appearance or validation were 10 in Component Area No. 1, 41 in Component Area No. 2, 73 in Component Area No. 3, and 21 in Component Area No. 4.

Source: Los Angeles County Assessment Appeals Board and Keyser Marston Associates Inc.

Exhibit A

The projection of assessed value for fiscal year 1999-00 in the Project Area shown in Table 8 assumes reductions in assessed value due to anticipated assessment appeal reductions in the amounts shown above. See "APPENDIX G - Fiscal Consultant Report" for further discussion of the assumptions used in determining the projected appeal outcomes.

Projected Tax Revenues

The tax increment revenue projections for the Project Area, as prepared by Keyser Marston Associates, are summarized below. All of the projections commence with the reported values for Fiscal Year 1999-00. For purposes of the projections shown on Table 8, the Project Area tax increment revenues have been projected based upon assessed real property (land and improvements) taxable value increases resulting from certain new development (projects that either were completed after January 1, 1998, are currently under construction or are scheduled to start construction in the future) and the maximum annual inflationary factor allowed under Proposition 13 (1.85 percent in 1999-00 and 2 percent thereafter). Future personal property values are assumed to stabilize at the previous year's level.

Table 8
CULVER CITY REDEVELOPMENT AGENCY
Culver City Redevelopment Project
Projected Tax Increment
(figures in thousands)

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Real Property Value						
Appeal Value Change	\$1,920,233	\$1,873,739	\$1,938,559	\$2,045,551	\$2,124,092	\$2,166,574
Subtotal	<u>(46,493)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Prop 13 Inflationary Growth	1,873,739	1,873,739	1,938,559	2,045,551	2,124,092	2,166,574
New Development Value Added	0	37,475	38,771	40,911	42,482	43,331
Total Real Property Value	<u>1,873,739</u>	<u>1,938,559</u>	<u>2,045,551</u>	<u>2,124,092</u>	<u>2,166,574</u>	<u>2,209,906</u>
Personal Property						
New Development Value Added	261,666	261,666	265,229	267,685	270,855	272,449
Total Personal Property Value	<u>0</u>	<u>3,564</u>	<u>2,455</u>	<u>3,171</u>	<u>1,594</u>	<u>0</u>
	261,666	265,229	267,685	270,855	272,449	272,449
Total Project Value						
Less Base Value	2,135,405	2,203,788	2,313,236	2,394,948	2,439,023	2,482,355
Incremental Value	<u>(543,496)</u>	<u>(543,496)</u>	<u>(543,496)</u>	<u>(543,496)</u>	<u>(543,496)</u>	<u>(543,496)</u>
	1,591,910	1,660,293	1,769,741	1,851,452	1,895,528	1,938,859
Gross Tax Increment						
Unitary Tax Revenue	16,395	16,848	17,914	18,741	19,187	19,626
County Admin Charge	442	442	442	442	442	442
Appeal Tax Refunds	(357)	(367)	(389)	(407)	(416)	(425)
Statutory Pass Through	(795)	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>(3)</u>	<u>(14)</u>	<u>(25)</u>	<u>(113)</u>
Net Tax Increment	\$15,685	\$16,923	\$17,964	\$18,762	\$19,188	\$19,529

Source: Keyser Marston Associates, Inc.

Exhibit A

Estimated Debt Service Coverage

The following table shows the debt service coverage on the Series A Bonds and the Series B Bonds based on estimated Tax Revenues from the Project Area. *Debt service on the outstanding 1989 Capital Appreciation Senior Bonds and the outstanding 1993 Loans is payable by the Agency from Tax Revenues on a senior basis to the Bonds.*

TABLE 9
CULVER CITY REDEVELOPMENT AGENCY
Culver City Redevelopment Project
Estimated Debt Service Coverage [1]

Year	Tax [2] Increment	Housing Set-Aside	Net Tax Revenue	Senior [3] Obligations	Tax Revenues	Series A Bonds Debt Service	Surplus Tax Revenues	Series A Coverage[4]	Series B Bonds Debt Service[5]	Series B (Aggregate) Coverage[6]
2000	\$15,685	\$3,137	\$12,548	\$6,651	\$5,897	\$3,259	\$2,638	1.27	\$1,501	1.10
2001	16,923	3,385	13,539	6,651	6,888	3,767	3,121	1.30	1,554	1.13
2002	17,964	3,593	14,371	8,516	5,855	1,903	3,952	1.38	1,554	1.20
2003	18,762	3,752	15,010	8,487	6,523	1,931	4,592	1.44	1,552	1.25
2004	19,188	3,838	15,350	8,490	6,860	1,932	4,929	1.47	1,548	1.28
2005	19,529	3,906	15,623	8,193	7,430	2,226	5,204	1.50	1,552	1.31

[1] Dollar amounts in thousands.

[2] Net tax increment from Table 8 above.

[3] Reflects debt service on the 1989 Capital Appreciation Senior Bonds and the 1993 Loans, net of their respective housing set-aside credits.

[4] The annual Series A Bonds coverage is calculated by dividing Net Tax Revenue by the sum of Senior Obligations debt service and Series A Bonds debt service.[5] Reflects Series B Bond debt service on a bond year basis (May 2 through May 1 of each year). The interest payment due on May 1, 2000 will be paid from capitalized interest.[6]

The annual Series B Bonds coverage is calculated by dividing Net Tax Revenue by the sum of Senior Obligations debt service, Series A Bonds debt service and Series B Bond debt service.

RISK FACTORS

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

To estimate the revenues available to pay debt service on the Bonds, the Agency has made certain assumptions with regard to the assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than the Agency's assumptions, the Tax Revenues available to pay debt service on the Series A Bonds (and the Surplus Tax Revenues available to pay debt service on the Series B Bonds) will, in all likelihood, be less than those projected.

Reduction in Taxable Value

Tax Revenues allocated to the Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property caused by economic factors beyond the Agency's control, such as a relocation out of the Project Area by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Area by a person displaced by eminent domain or similar proceedings, or the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances," below) or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Seismic Factors," below), flood or other natural disaster, could cause a reduction in the Tax Revenues securing the Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. Such a reduction of assessed valuations and the resulting decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Bonds. See "PROJECT AREA TAX REVENUES - Appeals of Assessed Values" herein.

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2 percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2 percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2 percent. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2 percent limitation four times: for 1993/94, 1 percent; for 1995/96, 1.19 percent; for 1996/97, 1.11 percent; and for 1999/00, 1.853 percent. The Agency is unable to predict if any adjustments to the full cash value base of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

Levy and Collection

The Agency does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay 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. Because the County has not adopted the Teeter Plan, the Agency's tax increment revenues reflect actual collections rather than the amount levied. See "PROJECT AREA TAX REVENUES – Historic Assessed Value and Tax Revenues" herein.

Risks Associated With Additional Bonds

As described in "SECURITY FOR THE BONDS – Issuance of Additional Bonds," the Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to payment of debt service on the Series A Bonds, and obligations payable from Surplus Tax Revenues on a parity with its pledge of Surplus Tax Revenues to payment of debt service on the Series B Bonds. In addition, debt service on the Series A Bonds is payable from Tax Revenues on a subordinate basis with debt service on the outstanding portion of the 1993 Loans. The existence of and the potential for such obligations increases the risks associated with the Agency's payment of debt service on the Bonds in the event of a decrease in the Agency's collection of Tax Revenues. This risk is particularly great for the Series B Bonds, which are payable on a basis subordinate to the Series A Bonds.

Bankruptcy Risks

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Agency may become 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 equitable principles which may limit the specific enforcement under state law of certain remedies: the exercise by 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 of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

State Budget

In connection with its approval of the budgets for the 1992/93, 1993/94 and 1994/95 fiscal years, the State Legislature enacted legislation, among other things, reallocated a portion of funds from redevelopment agencies to school districts by shifting each agency's tax increment, net of amounts due to other taxing agencies, to school districts. At present, the State is not requiring this reallocation to continue in the future; however, there can be no assurances that reallocations will not be required in the future.

Seismic Factors

The City, like most regions in the State of California, is located in an area of seismic activity from movements along the active fault zones and, therefore, could be subject to potentially destructive earthquakes. In January 1994, an earthquake of magnitude 6.8 on the Richter Scale occurred in the northwest San Fernando Valley which caused widespread damage to commercial and residential structures. The City's General Plan Seismic Safety element identifies potential risks and hazards that may relate to future land use planning in the City. The Seismic Safety Element includes maps of known seismic, geologic and soils conditions. In addition, the City also refers to updated maps prepared by the State geologist, pursuant to the Seismic Hazard Mapping Act, that identify hazard zones susceptible to both liquefaction and slope failure. Construction projects within such hazard zones are required to provide to the City additional geologic studies to identify mitigation measures to limit the potential for loss of life and property damage. According to the City's Seismic Safety Element, the two most probable major earthquake sources for the City are the San Andreas Fault Zone (located 45 miles from the City at its closest point), and the Newport-Inglewood Fault Zone, a portion of which is located within the City. The City is also in proximity to the Overland and Charnock faults, but movement along those faults is not anticipated because evidence suggests those faults are no longer active.

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 of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

The Year 2000 Problem

A "Year 2000" problem arises because most computer systems and programs were designed to handle only a two-digit year, not a four digit year. When the Year 2000 begins, these computers may interpret "00" as the year 1900 (e.g., 1998 is seen as "98") and may either stop processing date-related computations or process them incorrectly. If this Year 2000 problem is not timely remedied, problems could arise in the levy and collection of taxes and the calculation of interest and principal payments on the Bonds. To prevent this, public entities and banking organizations need to examine their computers and programs, fix the problem, test their systems and test interactions with other systems. The Securities and Exchange Commission ("SEC") has introduced proposed temporary regulations for non-bank related paying agents and broker dealers to submit reports to the SEC regarding their attempts to solve the Year 2000 problem.

City/Agency. Over a twelve-month period the staff of the City evaluated and determined which computer applications and hardware would have Year 2000 problems. Staff concluded that the most cost efficient and effective way to solve these problems was to replace all

affected software and hardware. The replacement process began on November 1, 1998 and the implementation of all Year 2000 affected systems are scheduled to be completed by December 31, 1999.

County. Los Angeles County has represented that, as of June 30, 1999, its IT systems were 98% certified as Year-2000 compliant. The County plans to conduct a county-wide Y2K Emergency Preparedness Exercise on November 17, 1999. Further information on the County's Year 2000 preparedness is available on the County's Internet website located at <http://www.co.la.ca.us>.

Trustee. The Trustee has undertaken an effort to evaluate its computer programs in order to avoid computer problems on and after January 1, 2000. No assurance can be given as to whether the Trustee will be successful in its efforts to address Year 2000 problems. The Trustee has advised the Agency that certain information regarding such efforts toward compliance with the Year 2000 matter is contained in filings by U.S. Bancorp (the corporate parent of the Trustee) with the Securities and Exchange Commission, the Year 2000-related provisions of which are incorporated herein by this reference. Further information about U.S. Bancorp is available on the Internet at <http://www.usbank.com>.

DTC. DTC management is aware that some computer applications, systems, and the like for processing data ("Systems") that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter "Year 2000 problems." DTC has informed its Participants and other members of the financial community (the "Industry") that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to securityholders, book-entry deliveries, and settlement of trades within DTC ("DTC Services"), continue to function appropriately. This program includes a technical assessment and a redemption plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, DTC's ability to perform its services properly is also dependent upon other parties, including but not limited to, issuers and their agents, as well as third party vendors from whom DTC licenses software and hardware, and third party vendors on whom DTC relies for information or the provision of services, including telecommunication and electrical utility service providers, among others. DTC has informed the Industry that it is contacting (and will continue to contact) third party vendors from whom DTC acquires services to: (i) impress upon them the importance of such services being Year 2000 compliant and (ii) determine the extent of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services. In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

Failure to solve the Year 2000 problem could adversely impact the levy and collection of Tax Revenues which secure the Bonds, and could cause the Agency, the Trustee and/or DTC to experience problems that may affect the timely payment of debt service on the Bonds.

Secondary Market

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

Loss of Tax Exemption

As discussed under the caption "MISCELLANEOUS - Tax Matters" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the Agency in violation of its covenants contained in the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption or any increase in interest rate and may remain outstanding until maturity.

LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS

Property Tax Limitations - Article XIII A

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment". The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2 percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1 percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in June 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property from the 1 percent limitation.

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

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

Challenges to Article XIII A

There have been many challenges to Article XIII A of the California Constitution. Recently, the United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIII A did not violate the federal Constitution. The Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the

ultimate effect on the Agency's receipt of tax increment revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation

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

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

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

Property Tax Collection Procedures

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

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

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

Penalties. A 10 percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default on or about June 30 of the fiscal year. Such property

may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5 percent per month to the time of redemption and a \$15 Redemption Fee. If taxes are unpaid for a period of five years or more, the property is recorded in a "Power to Sell" status and is subject to sale by the county tax collector. A 10 percent penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1-1/2 percent per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

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

Disbursement to the Agency. The secured tax revenues are disbursed beginning in December with a 35 percent advance payment followed by a 5 percent advance in January. A reconciliation payment reflecting actual first installment collections is made in February. In April, 75 percent of the total levy is disbursed to the Agency, followed by a reconciliation payment in May reflecting actual second installment collections. Final payments are generally allocated in August. Over-allocations, if any, are deducted from the next year's allocation. The unsecured tax increment revenues are advanced in November and March of each year, with final reconciliation payments made in August.

Supplemental Assessments. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. The statute may provide increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent such supplemental assessments occur within the Project Area, Tax Revenues may increase. The Fiscal Consultant has not included supplemental assessments in the tax increment projection set forth in Table 8.

Tax Collection Fees. SB 2557 (Chapter 466, Statutes of 1990) authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. For 1998-99, the County charge for Component Area Nos. 1, 2 and 3 totaled \$334,000 (approximately 2 percent of gross tax increment). The tax increment projection set forth in Table 8 assumes that the County will continue to charge the Agency for property tax administration and that future charges will continued to be applied in subsequent fiscal years at a factor of approximately 2 percent of gross tax increment revenue.

Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988/89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies and herein defined as "Unitary Property") is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro-rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro-rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property has been changed to January 1. Railroad property will continue to be assessed and revenues allocated to all tax rate areas where the railroad property is sited.

According to the County Auditor-Controller, the Agency received nearly \$442,000 in unitary tax revenues for Component Area Nos. 1, 2 and 3 in Fiscal Year 1998-99. The projections of tax increment revenue in the Project Area shown in Table 8 assume that the utility tax revenue will remain constant in future years.

Appropriations Limitations - Article XIII B

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

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

State Board of Equalization and Property Assessment Practices

On December 10, 1998, the State Board of Equalization ("SBOE") approved revisions to its guidelines regarding the valuation of intangible business and commercial property for property tax purposes. The SBOE approved these revisions over the strong objections of the California Assessors Association ("CAA"), an organization representing all 58 County Assessors in California. Prior to modification of the revised guidelines, SBOE staff estimated a Statewide loss of \$2.23 billion in property tax revenues. After modification of the revised guidelines, SBOE staff revised its estimated loss to \$4.36 million Statewide. However, the CAA has indicated in a media release dated December 10, 1998 that it does not believe that the modification to the revised guidelines will minimize the Statewide loss of property tax revenues to the extent claimed by SBOE staff.

The Agency is not able to predict, at this time, whether the revised SBOE guidelines will cause any reduction in its Tax Revenues. However, the Agency does not believe that the SBOE's adoption of the revised guidelines will affect its ability to pay debt service on the Bonds.

Exclusion of Tax Revenues for General Obligation Bonds Debt Service

An initiative to amend the California Constitution entitled "Property Tax Revenues Redevelopment Agencies" was approved by California voters at the November 8, 1988 general election. Under prior law, a redevelopment agency using tax increment revenue received additional property tax revenue whenever a local government increased its property tax rate to pay off its general obligation bonds. This initiative amended the California Constitution to allow the California Legislature to prohibit redevelopment agencies from receiving any of the property tax revenues raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness. The initiative only applies to tax rates levied to finance general obligation bonds approved by the voters on or after January 1, 1989. Any revenue reduction to redevelopment agencies would depend on the number and value of the general obligation bonds approved by voters in prior years, which tax rate will reduce due to increased valuation subject to the tax or the retirement of the indebtedness. The Agency did not experience a revenue loss as a result of the initiative.

Proposition 218

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

Future Initiatives

Article XIII A, Article XIII B 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 expend revenues.

MISCELLANEOUS

Litigation

There is no litigation pending or, to the Agency's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Indentures or any proceedings of the Agency with respect thereto. In the opinion of the Agency and its counsel, there are no lawsuits or claims pending against the Agency which will materially affect the Agency's finances so as to impair the ability to pay principal of and interest on the Bonds when due.

Ratings

Series A Bonds. The Series A Bonds have received the rating of "AAA" by Standard & Poor's, a Division of the McGraw-Hill Companies, and the rating of "AAA" by Fitch IBCA, with the understanding that upon execution and delivery of the Series A Bonds the Municipal Bond Insurance Policy insuring the payment when due of the principal and interest on the Series A Bonds will be issued by Financial Security Assurance Inc. Such ratings reflect only the views of such organizations and an explanation of the significance of such rating may be obtained from Standard & Poor's Ratings Services and Fitch IBCA, respectively.

The ratings issued reflect only the view of such rating agencies, and any explanation of the significance of such ratings should be obtained from such rating agencies. There is no assurance that such ratings will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any ratings obtained may have an adverse effect on the market price of the Bonds.

Series B Bonds. The Series B Bonds will not be rated.

Tax Matters

The Internal Revenue Code of 1986 (the "Code") establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactively to the date of issue of the Bonds. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Bonds are to be invested and require, under certain circumstances, that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States of America. The Agency has covenanted in the Indentures to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law, interest on the Bonds is exempt from personal income taxation of the State of California and, assuming compliance with the aforementioned covenant, interest on the Bonds is excluded from gross income for Federal income tax purposes. Bond Counsel are also of the opinion that the Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the alternative minimum tax imposed by Section 55

of the Code. Interest on the Bonds owned by corporations will, however, be taken into account in determining the alternative minimum tax imposed by Section 55 of the Code on 75 percent of adjusted current earnings over alternative minimum taxable income (determined without regard to this adjustment and the alternative tax net operating loss deduction).

Bond Counsel have not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future legislation, or amendments to the Code, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Bonds from gross income for Federal income tax purposes. Certain requirements and procedures contained or referred to in the Indentures and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel express no opinions as to any Bond, or the interest thereon, if any such change occurs or action is taken upon the advice or approval of bond counsel other than Richards, Watson & Gershon.

Although Bond Counsel have rendered an opinion that interest on the Bonds is excluded from gross income for Federal income tax purposes, an Owner's Federal tax liability may otherwise be affected by the ownership or disposition of the Bonds. The nature and extent of these other tax consequences will depend upon the Owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Bonds should be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (iii) interest on the Bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code, (iv) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (v) passive investment income, including interest on the Bonds, may be subject to Federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds. Bond Counsel have expressed no opinion regarding any such other tax consequences. The opinion of Bond Counsel regarding exemption from personal income taxation in the State of California and the exclusion from gross income for Federal income tax purposes of interest on the Bonds, and approving the validity of the Bonds, will be substantially in the form set forth in Appendix D hereto.

Verification of Mathematical Computations

Upon the delivery of the Bonds, Grant Thornton LLP, independent certified public accountants, will deliver a report stating that the firm has reviewed the mathematical accuracy of certain computations relating to the adequacy of the securities in which amounts in the 1989 Authority Bonds Refunding Account is invested, and the interest thereon, to pay when due the redemption price, and interest due and to become due on the Refunded Bonds on and prior to the redemption date thereof.

Underwriting

Stone & Youngberg LLC (the "Underwriter") has agreed to purchase the Series A Bonds at a purchase price of \$31,360,240.15 (being the principal amount of the Series A Bonds (\$31,940,000.00) net of an original issue discount of \$345,959.05 and underwriter's discount of \$233,800.80), and to purchase the Series B Bonds at a purchase price of \$19,218,060.05 (being the principal amount of the Series B Bonds (\$19,535,000.00) net of an original issue discount of \$65,915.20 and underwriter's discount of \$251,024.75). The initial public offering prices of the Bonds may be changed from time to time by the Underwriter. The Bond Purchase Agreement provides that the Underwriter will purchase all the Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including, among others, the approval of certain legal matters by counsel.

Miscellaneous

All summaries of the Indentures, applicable legislation, agreements and other documents are made subject to the provisions of such documents 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.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not 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 has been duly authorized by the Agency.

CULVER CITY REDEVELOPMENT AGENCY

By: /s/ Mark Winogrand
Executive Director

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

The following is a summary of certain provisions of the Indentures. Such summary is not intended to be definitive, and reference is made to the complete documents for the complete terms thereof.

SERIES 1999A INDENTURE

Definitions

Accreted Value

The term "Accreted Value" means, with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial amount thereof and the interest accrued and compounded thereon, as determined in accordance with the provisions of the Supplemental Indenture authorizing issuance of such Bonds, to such date of calculation.

Additional Allowance

The term "Additional Allowance" means, as of the date of calculation, the amount of Tax Revenues which, as shown in a Consultant's Report, are estimated to be receivable by the Agency in the next 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) transfer of ownership or any other interest in real property, which is not then reflected on the tax roll.

Agency

The term "Agency" means the Culver City Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

Annual Debt Service; Average Annual Debt Service; Maximum Annual Debt Service; Combined Maximum Annual Debt Service

The term "Annual Debt Service" means, for each Bond Year, the sum of (1) the interest falling due on all Outstanding Bonds in such Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds, if any, are redeemed from the Sinking Account, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (2) the principal amount of the Outstanding Serial Bonds, if any, maturing by their terms in such Bond Year, and (3) the minimum amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year.

With respect to Capital Appreciation Bonds, the Accreted Value payment shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bonds.

If any Bonds bear interest payable pursuant to a variable interest rate formula, the interest rate on such Bonds for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of (a) the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if such 25 Bond Revenue Index is no longer published) or (b) the average variable rate

Exhibit A

of interest borne by such Bonds during the preceding 36 months or, if such Bonds were not outstanding during all of the preceding 36 months, the highest interest rate borne by variable interest rate debt for which the interest rate is computed by reference to a variable interest rate formula comparable to that utilized for such Bonds.

"Annual Debt Service" shall not include (a) interest on Bonds which is to be paid from amounts constituting capitalized interest or (b) principal and interest allocable to that portion of the proceeds of any Bonds required to remain unexpended and to be held in escrow pursuant to the terms of a Supplemental Indenture, provided that (i) projected interest earnings on such amounts, if any, deposited by the Agency in the Interest Account, are sufficient to pay the interest due on such portion of the Bonds so long as it is required to be held in escrow and (ii) the conditions for the release of such proceeds from escrow, insofar as they relate to Tax Revenue coverage and satisfaction of the Reserve Account Requirement, are substantially the same as those for the issuance of Additional Bonds.

The term "Average Annual Debt Service" means the average Annual Debt Service over all Bond Years.

The term "Maximum Annual Debt Service" means the largest Annual Debt Service during the period from the date of calculation through the final maturity date of any Outstanding Bonds.

The term "Combined Maximum Annual Debt Service" means the largest sum in any Bond Year of (i) Annual Debt Service plus (ii) Debt Service as defined in the 1993 Loan Agreements payable under the 1989 Loan Agreements and the 1993 Loan Agreements during the period from the date of calculation through the final maturity date of any Outstanding Bonds.

Authority

The term "Authority" means the Culver City Redevelopment Financing Authority.

Authorized Investments

The term "Authorized 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, as certified by the Agency to the Trustee:

- A. Federal Securities;
- B. Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
 - Export-Import Bank
 - Farm Credit System Financial Assistance Corporation
 - Rural Economic Community Development Administration
 - General Services Administration
 - U.S. Maritime Administration
 - Small business Administration
 - Government National Mortgage Association (GNMA)
 - U.S. Department of Housing & Urban Development (PHA's)
 - Federal Housing Administration
 - Federal Financing Bank;

Exhibit A

C. Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated "Aaa" by Moody's or "AAA" by Fitch issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;

D. U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or A-1+" by S&P and "P-1" by Moody's or the equivalent rating by Fitch and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.);

E. Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's or the equivalent rating by Fitch and which matures not more than 270 days after the date of purchase;

F. Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

G. Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(1) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or Fitch or any successors thereto; or

(2) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

H. General obligations of states with a rating of at least "A2/A" or higher by Moody's, S&P or Fitch;

I. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

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interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Redevelopment Fund, construction draws) on the Bonds;

the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Agency and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

the Agency or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Agency and the Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Bond Insurer;

the investment agreement shall provide that if during its term

the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3" respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Agency, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Agency or the Trustee (who shall give such direction if so directed by the Bond Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Agency or Trustee, and

the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

the investment agreement must provide that if during its term

the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Agency or the Trustee (who shall give such direction if so directed by the Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Agency or Trustee, as appropriate, and

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the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Agency or Trustee, as appropriate.

Bonds, Series 1999A Bonds, Series 1999B Bonds, Additional Bonds, Capital Appreciation Bonds, Serial Bonds, Term Bonds

The term "Bonds" means the Series 1999A Bonds and all Additional Bonds.

The term "Series 1999A Bonds" means the Culver City Redevelopment Agency, Tax Allocation Refunding Bonds, 1999 Series A (Culver City Redevelopment Project).

The term "Series 1999B Bonds" means the Culver City Redevelopment Agency, Subordinate Tax Allocation Refunding Bonds, 1999 Series B (Culver City Redevelopment Project).

The term "Additional Bonds" means all tax allocation bonds of the Agency authorized and executed pursuant to the Indenture and issued and delivered in accordance with Article IV.

The term "Capital Appreciation Bonds" means any Additional Bonds described as such when issued.

The term "Serial Bonds" means Bonds for which no mandatory sinking account payments are provided.

The term "Term Bonds" means Bonds which are payable on or before their specified maturity dates from mandatory sinking account payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Insurance Policy

The term "Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the applicable Bond Insurer and guaranteeing, in whole or in part, the payment of principal of and interest on a Series of Bonds.

Bond Insurer

The term "Bond Insurer" means the issuer or issuers of a policy or policies of municipal bond insurance (other than a Qualified Reserve Account Credit Instrument) obtained by the Agency to insure the payment of principal of and interest on a Series of Bonds issued under the Indenture, when due otherwise than by acceleration, and which, in fact, are at any time insuring such Series of Bonds. With respect to the Series 1999A Bonds, the term "Bond Insurer" means FSA. For the purposes of this definition, all consents, approvals or actions required by the Bond Insurer shall be unanimous action of all Bond Insurers if there is more than a single Bond Insurer.

Bond Year

The term "Bond Year" means (i) with respect to the initial Bond Year, the period extending from the date the Series 1999A Bonds are originally delivered to November 1, 2000, and (ii) thereafter, each successive twelve month period ending on November 1.

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Business Day

The term "Business Day" means a day other than a Saturday, a Sunday or a day on which banks located in the city where the Corporate Trust Office of the Trustee is located are required or authorized to remain closed.

Certificate of the Agency

The term "Certificate of the Agency" means an instrument in writing signed by the Chairman or the Executive Director of the Agency, or by any other officer of the Agency duly authorized by the Agency for that purpose.

City

The term "City" means the City of Culver City, California.

Closing Date

The term "Closing Date" means the date of delivery of a Series of Bonds to the original purchaser thereof.

Code

The term "Code" means the Internal Revenue Code of 1986, and any regulations promulgated thereunder.

Consultant's Report

The term "Consultant's Report" means a report signed by an Independent Financial Consultant or an Independent Redevelopment Consultant, as may be appropriate to the subject of the report, and including:

- (1) a statement that the person or firm making or giving such report has read the pertinent provisions of this Indenture to which such report relates;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based;
- (3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said Independent Financial Consultant or Independent Redevelopment Consultant to express an informed opinion with respect to the subject matter referred to in the report.

County

The term "County" means the County of Los Angeles, California.

Federal Securities

The term "Federal Securities" means United States Treasury notes, bonds, bills or certificates of indebtedness, or other evidences of indebtedness secured by the full faith and credit of the

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United States of America; and also any securities now or hereafter authorized both the interest on and principal of which are guaranteed directly by the full faith and credit of the United States of America, as and to the extent that such securities are eligible for the legal investment of Agency funds.

Final Compounded Amount

The term "Final Compounded Amount" means the Accreted Value of a Capital Appreciation Bond at maturity.

Fiscal Year

The term "Fiscal Year" means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the Agency as its Fiscal Year in accordance with the Law and identified in writing to the Trustee.

FSA

The term "FSA" means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

Housing Fund

The term "Housing Fund" means the Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Law and held by the Agency.

Independent Certified Public Accountant

The term "Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Agency, and who, or each of whom:

- (1) is in fact independent and not under the 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 a member, officer or employee of the Agency, but who may be regularly retained to make annual or other audits of the books of or reports to the Agency.

Independent Financial Consultant

The term "Independent Financial Consultant" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the Agency and who, or each of whom:

- (1) is in fact independent and not under the domination of the Agency;
- (2) does not have any substantial interest, direct or indirect, with the Agency; and

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(3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

Independent Redevelopment Consultant

The term "Independent Redevelopment Consultant" means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies, appointed and paid by the Agency, and who, or each of whom:

- (1) is in fact independent and not under the 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 a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

Information Services

The term "Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard and Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or to such other addresses and/or such other services providing information with respect to called bonds as the Agency may designate to the Trustee in writing.

Interest Payment Date

The term "Interest Payment Date" means each May 1 or November 1 on which interest on any Series of Bonds is scheduled to be paid, commencing May 1, 2000.

Law

The term "Law" means the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto.

1989 Authority Bonds

The term "1989 Authority Bonds" means, collectively, the outstanding Culver City Redevelopment Financing Authority, 1989 Revenue Bonds, Series A (Senior Lien Project Loans) and 1989 Revenue Bonds, Series B (Subordinate Lien Project Loans).

1989 Loan Agreements

The term "1989 Loan Agreements" means, collectively, the 1989 Project No. 1 Senior Loan Agreement, the 1989 Project No. 1 Subordinate Loan Agreement, the 1989 Project No. 2 Loan Agreement, the 1989 Project No. 3 Senior Loan Agreement and the 1989 Project No. 3 Subordinate Loan Agreement.

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1989 Project No. 1 Senior Loan Agreement

The term "1989 Project No. 1 Senior Loan Agreement" means the Project No. 1 Loan Agreement (Senior Lien) dated as of November 1, 1989, among the Agency, the Authority and the predecessor of the Trustee.

1989 Project No. 1 Subordinate Loan Agreement

The term "1989 Project No. 1 Subordinate Loan Agreement" means the Project No. 1 Loan Agreement (Subordinate Lien) dated as of November 1, 1989, among the Agency, the Authority and the predecessor of the Trustee.

1989 Project No. 2 Loan Agreement

The term "1989 Project No. 2 Loan Agreement" means the Project No. 2 Loan Agreement (Senior Lien) dated as of November 1, 1989, among the Agency, the Authority and the predecessor of the Trustee.

1989 Project No. 3 Senior Loan Agreement

The term "1989 Project No. 3 Senior Loan Agreement" means the Project No. 3 Loan Agreement (Senior Lien) dated as of November 1, 1989, among the Agency, the Authority and the predecessor of the Trustee.

1989 Project No. 3 Subordinate Loan Agreement

The term "1989 Project No. 3 Subordinate Loan Agreement" means the Project No. 3 Loan Agreement (Subordinate Lien) dated as of November 1, 1989, among the Agency, the Authority and the predecessor of the Trustee.

1989 Series A Trust Agreement

The term "1989 Series A Trust Agreement" means the Series A Trust Agreement dated as of November 1, 1989, by and between the Authority and the predecessor of the Trustee.

1993 Loan Agreements

The term "1993 Loan Agreements" means, collectively, the 1993 Project No. 1 Loan Agreement, the 1993 Project No. 2 Loan Agreement and the 1993 Project No. 3 Loan Agreement.

1993 Project No. 1 Loan Agreement

The term "1993 Project No. 1 Loan Agreement" means the Project No. 1 Loan Agreement (Senior Lien) dated as of November 1, 1993, among the Agency, the Authority and the predecessor of the Trustee.

1993 Project No. 2 Loan Agreement

The term "1993 Project No. 2 Loan Agreement" means the Project No. 2 Loan Agreement (Senior Lien) dated as of November 1, 1993, among the Agency, the Authority and the predecessor of the Trustee.

1993 Project No. 3 Loan Agreement

The term "1993 Project No. 3 Loan Agreement" means the Project No. 3 Loan Agreement (Senior Lien) dated as of November 1, 1993, among the Agency, the Authority and the predecessor of the Trustee.

Outstanding

The term "Outstanding" when used as of any particular time with reference to Bonds, means all Bonds except --

- (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

Owner

The term "Owner" means the registered owner of any Outstanding Bond according to the registration books held by the Trustee.

Plan Limitations

The term "Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on the aggregate amount of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan.

Project

The term "Project" means the undertaking of the Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area.

Project Area

The term "Project Area" means the project area described in the Redevelopment Plan, known as the Culver City Redevelopment Project.

Qualified Reserve Account Credit Instrument

The term "Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met: (i) at the time of issuance of the instrument, the long-term credit rating of such bank is within the highest rating category of Moody's and Standard & Poor's, or the claims paying ability of such insurance company is rated within the highest rating category of A.M. Best & Company and Standard & Poor's; (ii) such letter of credit or surety bond has a term of at least 12 months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Account Requirement with respect to which funds are

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proposed to be released; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes of the Reserve Account, including the replenishment of the Interest Account, the Principal Account or the Sinking Account.

Record Date

The term "Record Date" means with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

Redevelopment Fund

The term "Redevelopment Fund" means the Culver City Redevelopment Project Redevelopment Fund held by the Trustee.

Redevelopment Plan

The term "Redevelopment Plan" means the Redevelopment Plan for the Project Area, adopted and approved as the Official Redevelopment Plan for the Project Area by Ordinance Nos. 98-014 and 98-015 adopted by the City Council of the City on November 23, 1998, together with all amendments thereof or supplements thereto heretofore or hereafter made in accordance with the Law.

Refunded Bonds

The term "Refunded Bonds" means the portion of the 1989 Authority Bonds to be refunded, namely, all of the outstanding Current Interest Bonds as defined in the 1989 Series A Trust Agreement.

Reserve Account Requirement

The term "Reserve Account Requirement" (to be confirmed by the Agency to the Trustee upon the Trustee's request) means, as of any calculation date, with respect to each Series of Bonds, an amount equal to the least of (i) ten percent (10%) of the proceeds (within the meaning of Section 148 of the Code) of that portion of such Series of Bonds Outstanding with respect to which Annual Debt Service is calculated, (ii) 125% of Average Annual Debt Service of such Series or (iii) Maximum Annual Debt Service of such Series.

Securities Depositories

The term "Securities Depositories" means: The Depository Trust Company, 711 Stewart Avenue, Garden City, 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, Dex-(215) 496-5058; or such other addresses and/or such other securities depositories as the Agency may designate to the Trustee in writing.

Series

The term "Series", when used with reference to the Bonds, means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Indenture or a Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

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Sinking Account Installment

The term "Sinking Account Installment" means the amount of money required by or pursuant to this Indenture to be paid by the Agency on any single date toward the retirement of any particular Term Bonds of any particular Series on or prior to their respective stated maturities.

Special Fund

The term "Special Fund" means the Culver City Redevelopment Project Special Fund held by the Agency.

Supplemental Indenture

The term "Supplemental Indenture" means any indenture then in full force and effect which has been entered into by the Agency and the Trustee, amendatory of or supplemental to this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate

The term "Tax Certificate" means the Tax Certificate dated the date of the original delivery of each Series of Bonds (except any Series of Bonds which the Agency shall certify to the Trustee is not intended to meet the requirements for tax exemption under the Code) relating to the requirements of certain provisions of the Code, as each such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

Tax Revenues

The term "Tax Revenues" means, for each Bond Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Law in connection with the Project Area (excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code and (b) amounts required to be used to comply with the terms of the 1989 Loan Agreements and the 1993 Loan Agreements). "Tax Revenues" include amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 or Section 33334.6 of the Law, as provided in the Redevelopment Plan, but only to the extent such amounts are used to pay principal or interest or other financing charges with respect to bonds or other obligations issued to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area.

Total Maturity Amount

The term "Total Maturity Amount" means with respect to any Outstanding Bond other than a Capital Appreciation Bond, the aggregate principal amount thereof and, with respect to any Outstanding Capital Appreciation Bond, the Final Compounded Amount thereof.

Issuance of Additional Bonds

Conditions for the Issuance of Additional Bonds

The Agency may at any time after the issuance and delivery of the Series 1999A Bonds issue Additional Bonds payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues

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equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, but only subject to the following specific conditions:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture.

(b) The issuance of such Additional Bonds shall have been duly authorized pursuant to the Law and all applicable laws, and shall have been provided for by a Supplemental Indenture duly adopted by the Agency which shall specify the following:

(1) The purpose for which such Additional Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Additional Bonds to be applied solely for (i) the purpose of aiding in financing the Project, including payment of all costs incidental to or connected with such financing, and/or (ii) the purpose of refunding any Bonds or other indebtedness related to the Project, including payment of all costs incidental to or connected with such refunding;

(2) The authorized principal amount of such Additional Bonds;

(3) The date and the maturity date or dates of such Additional Bonds; provided that (i) Principal and Sinking Account Payment Dates may occur only on Interest Payment Dates, (ii) all such Additional Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or mandatory Sinking Account Installments, or any combination thereof, shall be established to provide for the retirement of all such Additional Bonds on or before their respective maturity dates;

(4) The Interest Payment Dates, which shall be on the same semiannual dates as the Interest Payment Dates for the Series 1999A Bonds; provided, that such Additional Bonds may provide for compounding of interest in lieu of payment of interest on such dates;

(5) The denomination and method of numbering of such Additional Bonds;

(6) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(7) The amount and due date of each mandatory Sinking Account Installment, if any, for such Additional Bonds;

(8) The amount, if any, to be deposited from the proceeds of such Additional Bonds in the Interest Account;

(9) The amount, if any, to be deposited from the proceeds of such Additional Bonds into the Reserve Account; provided that the amount on deposit in the Reserve Account shall be increased at or prior to the time such Additional Bonds become Outstanding to an amount at least equal to the Reserve Account Requirement on all then Outstanding Bonds and such Additional Bonds, which amount shall be maintained in the Reserve Account;

(10) The form of such Additional Bonds; and

(11) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

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(c) Tax Revenues (excluding any unsubordinated payments to taxing agencies pursuant to the Law) based upon the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll preceding the date of the Agency's adoption of the Supplemental Indenture providing for the issuance of such Additional Bonds plus, at the option of the Agency, the Additional Allowance shall be in an amount equal to at least one hundred twenty-five percent (125%) of Combined Maximum Annual Debt Service following the issuance of such Additional Bonds, as evidenced by a Consultant's Report.

(d) Surplus Tax Revenues (as defined in the Series 1999B Indenture) shall be in an amount equal to at least one hundred percent (100%) of maximum annual debt service as defined in the Series 1999B Indenture following the issuance of such Additional Bonds, as evidenced by a Consultant's Report.

For purposes of calculating Tax Revenues, a tax rate of \$1.00 per \$100 of assessed valuation shall be assumed.

For the purposes of the issuance of Additional Bonds, Outstanding Bonds shall not include any Bonds the proceeds of which are deposited in an escrow fund held by the Trustee or an escrow agent ("Escrow Bonds"), provided that the Supplemental Indenture authorizing issuance of such Escrow Bonds shall provide that: (i) such proceeds shall be invested in Federal Securities which mature within three months of the escrow expiration date and which bear interest at a rate which, together with amounts made available by the Agency from bond proceeds or otherwise, is at least sufficient to pay Annual Debt Service on the Escrow Bonds; (ii) moneys may be transferred from said escrow fund only if Tax Revenues for the then current Fiscal Year plus, at the option of the Agency, the Additional Allowance shall be at least equal to 1.25 times Combined Maximum Annual Debt Service, less a principal amount of Bonds which is equal to moneys on deposit in such escrow fund after each such transfer; and (iii) such Escrow Bonds shall be redeemed at par from moneys remaining on deposit in such escrow fund at the expiration of the specified escrow period. In addition, the Agency shall obtain an opinion of nationally recognized bond counsel on the delivery date of such Escrow Bonds to the effect that such escrow of proceeds will not affect the exclusion of the interest on any Outstanding Bonds from gross income for federal income tax purposes.

In the event Additional Bonds are to be issued solely for the purpose of refunding and retiring any Outstanding Bonds, interest and principal payments on the Outstanding Bonds to be so refunded and retired from the proceeds of such Additional Bonds being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service. Nothing contained in the Indenture shall limit the issuance of any tax allocation bonds of the Agency payable from the Tax Revenues and secured by a lien and charge on the Tax Revenues if, after the issuance and delivery of such tax allocation bonds, none of the Bonds theretofore issued will be Outstanding nor shall anything contained in the Indenture prohibit the issuance of any tax allocation bonds or other indebtedness by the Agency secured by a pledge of tax increment revenues (including Tax Revenues) subordinate to the pledge of Tax Revenues securing the Bonds.

Tax Revenues; Creation of Funds

Pledge of Tax Revenues

All the Tax Revenues and all money in the Special Fund and in the funds or accounts so specified and provided for in the Indenture, whether held by the Agency or the Trustee (except the Rebate Fund), are irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Tax Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding; subject to certain provisions of the Indenture permitting application of Tax Revenues for other purposes under certain terms and conditions. This pledge shall constitute a first lien on the Tax Revenues and such other money for the payment of the Bonds.

Special Fund: Receipt and Deposit of Tax Revenues

The Indenture establishes a special fund known as the "Culver City Redevelopment Project Special Fund" (the "Special Fund") held by the Agency. The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt, until such time as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for such Bond Year, plus the aggregate amounts needed to be set aside by the Series 1999B Trustee under the terms of the Series 1999B Indenture.

A fund is established known as the "Culver City Redevelopment Project Debt Service Fund," to be held by the Trustee. On or before the fifth Business Day immediately preceding any Interest Payment Date, the Agency shall withdraw from the Special Fund and deposit with the Trustee the amount of money needed by the Trustee to make the required deposits to the debt service accounts, plus an amount needed to be deposited in the debt service accounts for the Series 1999B Bonds. Upon notice from the Trustee, the Agency shall withdraw from the Special Fund and deposit with the Trustee the amount of money needed to make any required deposit to the Reserve Account.

Unless (i) the time limits on the effectiveness of the Redevelopment Plan with respect to Component Areas Nos. 1, 2 and 3 of the Project Area shall have been extended to a date no earlier than the final maturity date of the Bonds pursuant to the Law or (ii) Tax Revenues derived solely from Component Area No. 3 and Component Area No. 4 of the Project Area ("Area 3 and 4 Revenues") then meet the coverage requirements for Additional Bonds, as evidenced by a Consultant's Report, the Agency shall take the following actions. After November 1, 2015 and prior to November 1, 2016, the Agency shall determine the total amount of debt service payable on the Bonds during the Bond Years ending November 1, 2022 through November 1, 2025 inclusive ("Total Debt Service") and the total amount of Area 3 and 4 Revenues projected to be received by the Agency during such Bond Years ("Projected Revenues"). Such projection shall assume that Area 3 and 4 Revenues in each such Bond Year will be equal to the Area 3 and 4 Revenues received by the Agency during the Bond Year ending November 1, 2015. Commencing on and after November 1, 2016, the Agency shall transfer, from Tax Revenues received by the Agency in excess of the amounts required to be transferred to the Trustee for deposit in the Debt Service Fund as described in the preceding paragraph, to a special holding account to be established and held by the Trustee, all such excess Tax Revenues until the amount accumulated therein, together with the amount of the Projected Revenues, equals 125 percent of Total Debt Service.

Except for the transfers, if any, described in the preceding paragraph and transfers required to augment the Reserve Account beginning in the year 2023 (see **Covenants of the Agency** -- Augmentation of Series 1999A Subaccount of Reserve Account, on page A-22), all Tax Revenues received by the Agency at any time during any Bond Year in excess of the amount required to be transferred to the Trustee during such Bond Year shall be released from the pledge and the Agency may apply such excess Tax Revenues for any lawful purpose of the Agency.

Establishment of Other Funds.

In addition to the Special Fund, two special trust funds have been created, to be held by the Trustee, called the "Culver City Redevelopment Project Redevelopment Fund" (the "Redevelopment Fund") and the "Culver City Redevelopment Project Expense Fund" (the "Expense Fund").

Redevelopment Fund.

Moneys in the Redevelopment Fund are used for the purpose of aiding in financing the Project (or for making reimbursements to the Agency for such costs theretofore paid by it), including payment of all

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costs incidental to or connected with such financing. Any balance of money remaining in the Redevelopment Fund after the date of completion of the financing of the Project shall, at the Written Request of the Agency, be transferred by the Trustee to the Agency for deposit in the Special Fund.

Expense Fund.

Moneys in the Expense Fund are used to pay costs and expenses incurred by the Agency in connection with the authorization, issuance and sale of the Bonds. Upon the earlier of the payment in full of such costs and expenses (or the making of adequate provision for the payment thereof, evidenced by a Certificate of the Agency to the Trustee) or 180 days after delivery of the Bonds to the original purchaser, any balance remaining in the Expense Fund is transferred to the Redevelopment Fund.

Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund.

All moneys in the Debt Service Fund are set aside by the Trustee in each Bond Year when and as received in the following special accounts in the following order of priority:

(a) Interest Account. On or before each Interest Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Interest Account an amount of money which, together with any previous balance, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the next Interest Payment Date. All moneys in the Interest Account are used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(b) Principal Account. On or before each Principal Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Principal Account an amount of money which, together with any previous balance, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on the Principal Payment Date. In the event that there is insufficient money in the Debt Service Fund to make in full all such principal payments and required Sinking Account Installments, then the money available in the Debt Service Fund shall be applied pro rata to the making of such principal payments and Sinking Account Installments in the proportion which all such principal payments and Sinking Account Installments bear to each other.

All moneys in the Principal Account are used and withdrawn by the Trustee solely for the purpose of paying the principal and redemption premium, if any, of the Serial Bonds as they shall become due and payable.

(c) Sinking Account. On or before each Principal Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. All moneys in the Sinking Account are used by the Trustee to redeem Term Bonds.

(d) Reserve Account. On or before each Interest Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Reserve Account an amount of money (or other authorized deposit of security, as contemplated by the following paragraph) as shall be required to restore the balance in the Reserve Account to an amount equal to the Reserve Account Requirement for each Series of Bonds then Outstanding. No deposit need be made in the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Account Requirement for each Series of Bonds then Outstanding. The Reserve Account is divided into subaccounts with respect to each Series of Bonds and each subaccount is available only for payment of the Series of Bonds to which it relates. All money in (or available to) the Reserve Account is used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account, the Principal Account or the Sinking

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Account in such order, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Series of Bonds to which such subaccount relates in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding. So long as the Agency is not in default, any amount in the Reserve Account in excess of the Reserve Account Requirement may, upon Written Request of the Agency, be withdrawn from the Reserve Account by the Trustee and transferred to the Agency. In the event that there shall be insufficient money in the Debt Service Fund to make in full all required deposits to the subaccounts in the Reserve Account, then the money available in the Debt Service Fund shall be applied pro rata to the subaccounts in the proportion which all the Reserve Account Requirements for each Series bear to each other.

(2) With the written consent of the Bond Insurer, the Reserve Account Requirement may be satisfied by crediting to the Reserve Account moneys or a Qualified Reserve Account Credit Instrument or any combination thereof, which in the aggregate makes funds available in the Reserve Account in an amount equal to the Reserve Account Requirement. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument, the Trustee shall release moneys then on hand in the Reserve Account to the Agency, to be used for any lawful purpose relating to the Project Area, in an amount equal to the face amount of the Qualified Reserve Account Credit Instrument.

(e) Surplus. After making the deposits referred to in paragraphs (a) through (d) above in any Bond Year, the Trustee shall transfer any amounts remaining on deposit in the Debt Service Fund to the Series 1999B Trustee to be applied in accordance with the Series 1999B Indenture. These transferred amounts, referred to in the Series 1999B Indenture as "Surplus Tax Revenues," are pledged to the payment of the Series 1999B Bonds.

Investment of Moneys in Funds and Accounts.

Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account, the Expense Fund (and any account therein), the Redevelopment Fund (and any account therein) or the Rebate Fund are invested by the Trustee only in Authorized Investments. In the absence of instructions the Trustee shall invest in the investments described in clause (f) of the definition of "Authorized Investments." The obligations in which moneys in the Debt Service Fund, the Interest Account, the Principal Account or any Sinking Account are invested shall mature prior to the date on which such moneys are estimated to be required to be paid out. The obligations in which moneys in the Reserve Account are invested shall mature no later than the earlier of (a) five years from the date of purchase by the Trustee or (b) the final maturity date of the Bonds, with two exceptions. An obligation which may be redeemed at par at the option of the Trustee on the Business Day prior to any Interest Payment Date, or an investment agreement which permits the Trustee to withdraw invested amounts on any Business Day, on no more than five Business Days' notice, without penalty, may have any maturity. Any interest, income or profits from the deposits or investments of all funds (except the Redevelopment Fund, Expense Fund and Rebate Fund) and accounts are deposited in the Debt Service Fund. For purposes of determining the amount on deposit in any fund or account, all Authorized Investments credited to such fund or account shall be valued monthly at the lower of cost or market value (excluding accrued interest and brokerage commissions, if any).

Amounts deposited in the Special Fund may be invested in any obligations in which the Agency may lawfully invest its funds.

Covenants of the Agency

Punctual Payment

The Agency will punctually pay the interest on and principal of and redemption premiums, if any, to become due with respect to the Bonds, but only from Tax Revenues, in strict conformity with the terms of the Bonds and of the Indenture and will faithfully satisfy, observe and perform all conditions, covenants and requirements of the Bonds and of the Indenture.

Against Encumbrances

The Agency will not mortgage or otherwise encumber, pledge or place any charge upon any of the Tax Revenues, except as provided in the Indenture, and will not issue any obligation or security superior to or on a parity with the Bonds payable in whole or in part from the Tax Revenues (other than Additional Bonds).

Extension or Funding of Claims for Interest

In order to prevent any claims for interest after maturity, the Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding claims for interest or in any other manner.

Management and Operation of Properties

The Agency will manage and operate all properties owned by the Agency and comprising any part of the Project in a sound and business-like manner and in conformity with all valid requirements of any governmental authority relative to the Project, and will keep such properties insured at all times in conformity with sound business practice.

Payment of Claims

The Agency will pay and discharge all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Tax Revenues, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds.

Records and Accounts; Financial and Project Statements

The Agency will keep proper books of record and accounts, separate from all its other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Project. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners of not less than ten per cent (10%) of the aggregate principal amount of the Bonds then Outstanding or their representatives authorized in writing.

The Agency will prepare and file with the Trustee annually as soon as practicable, but in any event not later than 270 days after the close of each Fiscal Year, an audited financial statement in reasonable detail relating to the Tax Revenues and all funds or accounts established pursuant to the Indenture for the preceding Fiscal Year along with the related opinion of an Independent Certified Public Accountant. The Agency will furnish a copy of such audited financial statement to any Owner upon written request and will distribute a reasonable number of copies to investment bankers, security dealers and others interested in the Bonds.

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Protection of Security and Rights of Owners

The Agency will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Bonds by the Agency, such Bonds shall be incontestable by the Agency.

Payment of Taxes and Other Charges

The Agency will pay and discharge when due all taxes, service charges, assessments and other governmental charges which may be lawfully imposed upon the Agency or any properties owned or revenues received by the Agency in the Project Area.

Financing the Project

The Agency will commence and complete the financing of the Project in a sound, economical and expeditious manner and in conformity with the Redevelopment Plan and the Law.

Taxation of Leased Property

Whenever any property in the Project is redeveloped by the Agency and then is leased out by the Agency, or whenever the Agency leases out any real property in the Project for redevelopment, the property shall be assessed and taxed in the same manner as privately-owned property, and the lease shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of the leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year are less than the taxes that would have been payable upon the entire property if the property were 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 such year become payable, and in any event prior to the delinquency date of such taxes established by law. Such payments shall be treated as Tax Revenues and shall be deposited by the Agency in the Special Fund.

Disposition of Property in Project Area

Without the prior written consent of the Bond Insurer, the Agency will not participate in the disposition of any land or real property in the Project Area which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way) if such disposition, when taken together with other such dispositions, would either (a) aggregate more than 10 percent of the assessed valuation of the property in the Project Area, or (b) cause the amount of Tax Revenues to be received in the succeeding Bond Year to fall below 125 percent of Combined Maximum Annual Debt Service.

Amendment of Redevelopment Plan

If the Agency proposes to amend the Redevelopment Plan, it shall cause to be filed with the Trustee a Consultant's Report on the effect of the proposed amendment. Unless the Consultant's Report concludes that Tax Revenues will not be materially reduced by the proposed amendment, the Agency may not approve it.

Tax Revenues

The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues, including the timely filing of any necessary statements of indebtedness with appropriate officials of Los Angeles County.

Further Assurances

The Agency shall adopt, make, execute and deliver any further indentures, instruments and assurances as may be needed to carry out the intention or to facilitate the performance of the Indenture.

Tax Covenants: Rebate Fund

The Trustee shall establish and maintain with respect to each Series of Bonds (other than any Series of Bonds exempt from the requirements of Section 148 of the Code related to rebate of arbitrage earnings) a fund separate from any other fund or account designated as the "Series ____ Rebate Fund." Upon the written direction of the Agency, there shall be deposited in the Rebate Fund such amounts as are required pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. Notwithstanding the provisions relating to the pledge of Tax Revenues, the allocation of money in the Special Fund, the investments of money in any fund or account and the defeasance of Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this covenant and by the Tax Certificate. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the Written Request of the Agency, and shall have no liability or responsibility to enforce compliance by the Agency with the terms of the Tax Certificate.

The Agency shall not use or permit the use of any proceeds of Bonds or any funds of the Agency, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and any applicable requirements promulgated from time to time under that Section and under Section 103(c) of the Internal Revenue Code of 1954, as amended. The Agency shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Agency shall comply with all requirements of Sections 148 and 149(d) of the Code to the extent applicable to the Bonds.

The Agency shall not use or permit the use of any proceeds of the Bonds or any funds of the Agency, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code.

The foregoing covenant shall not apply to any taxable Series of Bonds.

Agreements with Taxing Agencies

The Agency shall not enter into any agreement or amend any existing agreement with a taxing agency entered into (i) pursuant to Section 33401 of the Law or (ii) which operates as a waiver of the Agency's right to receive Tax Revenues under the Redevelopment Plan, unless the Agency's obligations under such agreement are made expressly subordinate and junior to the Agency's obligations under the Indenture and the Bonds.

Annual Review of Tax Revenues

The Agency shall annually review the total amount of Tax Revenues remaining available to be received by the Agency under the Redevelopment Plan's cumulative tax increment limitation, as well as future cumulative Annual Debt Service. The Agency shall not accept Tax Revenues greater than Annual Debt Service, in any year, if such acceptance will cause the amount remaining under the tax increment limit to fall below remaining cumulative Annual Debt Service, except for the purpose of depositing such revenues in escrow for the payment of interest on and principal of and redemption premiums, if any, on the Bonds.

Housing Fund.

The Agency shall use the moneys in the Housing Fund in accordance with the Law, and disburse, expend or encumber any "excess surplus" (as defined in the Law) in the Housing Fund at such times and in such manner that the Agency will not be subject to sanctions pursuant to the Law.

Augmentation of Series 1999A Subaccount of Reserve Account.

Commencing on or before November 1, 2023, and on or before each Interest Payment Date thereafter so long as any Series 1999A Bonds are Outstanding, the Agency shall transfer to the Trustee, from Tax Revenues received by the Agency in excess of the amounts required to be transferred to the Trustee pursuant to other provisions of the Series 1999A Indenture, for deposit in the Series 1999A Subaccount of the Reserve Account, an amount sufficient to establish and maintain a balance therein equal to Maximum Annual Debt Service on the Series 1999A Bonds.

Amendment of the Indenture

Amendment by Consent of Owners

The Indenture and the rights and obligations of the Agency and of the Owners may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding and the written consent of the Bond Insurer, if any, are filed with the Trustee. No amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Agency to pay the interest or principal or redemption premium, if any, of any Bond, without the express written consent of the Owner of that Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for written consent to any amendment, or (4) modify the rights or obligations of the Trustee without its prior written assent.

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

- (a) To add other covenants and agreements to the Indenture, or to surrender any right or power reserved to or conferred upon the Agency;
- (b) To make provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the Agency may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Owners;

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- (c) To provide for the issuance of Additional Bonds, and to provide the terms and conditions under which the Additional Bonds may be issued;
- (d) To modify, amend or supplement the Indenture to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute, and which shall not materially adversely affect the interests of the Owners;
- (e) To maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes (except with respect to taxable Bonds);
- (f) To the extent necessary to obtain a Bond Insurance Policy, to obtain a rating on the Bonds or in connection with satisfying all or a portion of the Reserve Account Requirement by crediting a letter of credit or Bond Insurance Policy to the Reserve Account; or
- (g) For any other purpose that does not materially adversely affect the interests of the Owners.

Disqualified Bonds

Bonds owned or held by or for the account of the Agency or the City are not deemed Outstanding for the purpose of any consent or other action provided for in the Indenture.

Events of Default and Remedies of Owners

Events of Default and Acceleration of Maturities

The following are "Events of Default":

- (a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when due and payable, whether at maturity, by declaration or otherwise;
- (b) Default in the due and punctual payment of the interest on any Bond when due and payable;
- (c) Default by the Agency in the observance of any of its agreements or covenants, if the default shall have continued for a period of 60 days after the Agency shall have been given notice in writing by the Trustee (unless the Agency commences to cure the default within the 60-day period and thereafter diligently and in good faith proceeds to cure the default within a reasonable period of time); or
- (d) Filing by the Agency of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or approval by a court of competent jurisdiction of 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 assuming, under the provisions of any other law for the relief or aid of debtors, by any court of competent jurisdiction of custody or control of the Agency of the whole or any substantial part of its property.

In each case during the continuance of an Event of Default, the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, by notice in writing to the Agency, declare the principal of all of the Bonds then

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Outstanding, and the interest accrued thereon, to be due and payable immediately. Upon this declaration those amounts shall become immediately due and payable, subject to the prior written consent of the Bond Insurer.

If, at any time after the principal of the Bonds shall have been declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on the overdue installments of principal and interest, and the expenses of the Trustee, and any and all other defaults known to the Trustee shall have been made good or cured to the satisfaction of the Trustee, then, and in every case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may rescind and annul such declaration and its consequences. However, no such rescission or annulment shall occur without the prior written consent of the Bond Insurer. No rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any related right or remedy.

Application of Funds Upon Acceleration

All money in the funds and accounts provided for in the Indenture (other than the Rebate Fund) upon the date of the declaration of acceleration by the Trustee, and all Tax Revenues thereafter received by the Agency, shall be transmitted to the Trustee and shall be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee and thereafter to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents and counsel;

Second, upon presentation of the several Bonds, and the stamping thereon of the amount 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 upon the Bonds for interest and principal, with interest on the overdue interest and principal at the rate of interest which would have been paid on such overdue principal, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal, ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

Other Remedies of Owners

Any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his rights against the Agency and any of the members, officers and employees of the Agency, and to compel the Agency or the members, officers or employees to perform and carry out their duties under the Law and their agreements with the Owners as provided in the Indenture;

(b) By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Owners; or

(c) Upon the happening of an Event of Default, by a suit in equity to require the Agency and its members, officers and employees to account as the trustee of an express trust.

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Non-Waiver

None of the foregoing provisions shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the Owners at the respective dates of maturity out of the Tax Revenues, or affect or impair the right of action, which is also absolute and unconditional, of Owners to institute suit to enforce payment by virtue of the contract embodied in the Bonds and in the Indenture.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any subsequent default or breach. No delay or omission by any Owner or the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any default, and every power and remedy conferred upon the Owners may be enforced and exercised from time to time and as often as deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the Trustee, the Agency and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Actions by Trustee as Attorney-in-Fact

Any suit, action or proceeding which any Owner may bring to enforce any right or remedy may be brought by the Trustee for the equal benefit and protection of all Owners, and the Trustee is appointed the attorney-in-fact of the Owners for the purpose of bringing any such suit, action or proceeding and to perform any acts on behalf of the Owners. The Trustee shall have no duty or obligation to enforce any right or remedy unless it has been indemnified by the Owners from any liability or expense.

Remedies Not Exclusive

No remedy conferred upon the Owners is intended to be exclusive of any other remedy. Every remedy shall be cumulative and shall be in addition to every other remedy given at law or in equity or by statute or otherwise.

Owners' Direction of Proceedings

The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, with the written consent of the Bond Insurer, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture. The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction and may decline to follow any direction which the Trustee believes would be unjustly prejudicial to other Owners.

Limitation on Owners' Right to Sue

No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Law or any other applicable law, unless (1) the Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the remedial powers reserved to the Owners or to institute suit, action or proceeding in its own name; (3) the Owner or Owners shall

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have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with the request; (4) the Trustee shall have refused or omitted to comply with the request for a period of sixty (60) days; and (5) the Trustee shall not have received contrary directions from the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Defeasance

Discharge of Indebtedness

If the Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest due thereon and the principal thereof, at the times and in the manner stipulated therein and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Tax Revenues, and all covenants, agreements and other obligations of the Agency to the Owners of such Bonds under the Indenture shall cease. In that event, the Trustee shall execute and deliver to the Agency instruments to evidence such discharge and satisfaction and, after payment of amounts due the Trustee, shall pay over to the Agency all money or securities held by the Trustee which are not required for the payment of the interest due on and the principal of such Bonds other than the moneys, if any, in the Rebate Fund.

Bonds for the payment of which money shall have been set aside to be held in trust by the Trustee for payment at the maturity or redemption date shall be deemed, as of the date of such setting aside, to have been paid.

Any Outstanding Bonds shall prior to the maturity date thereof be deemed to have been paid only if there shall have been deposited with the Trustee, or another fiduciary or escrow agent, either money in an amount which shall be sufficient, or Federal Securities the principal of and the interest on which when paid will provide money which shall be sufficient to pay when due the interest due and to become due on such Bonds on and prior to the maturity date or earlier redemption date, and the principal of and redemption premium, if any. In addition, the Agency shall have given the Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the required deposit has been made and that the Bonds are deemed to have been paid and stating the maturity date or earlier redemption date upon which money is to be available for payment.

Miscellaneous

Liability of Agency Limited to Tax Revenues

The Bonds are limited obligations of the Agency and are payable, as to interest and principal, exclusively from the Tax Revenues. The Agency is not obligated to pay them except from the Tax Revenues. The Tax Revenues constitute a trust fund for the security and payment of the interest on and the principal of the Bonds. The Bonds are not a debt of the City of Culver City, the State of California or any of its political subdivisions. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Bond Insurance

The Indenture sets forth procedures for payment under the Bond Insurance Policy and certain rights of the Bond Insurer, including the right to direct all remedies following an Event of Default.

SERIES 1999B INDENTURE

Definitions

Except as indicated below, and except for the elimination of references to Ambac Assurance, the definitions set forth in the preceding summary of the Series 1999A Indenture generally apply to the Series 1999B Indenture as well.

Annual Debt Service; Average Annual Debt Service; Maximum Annual Debt Service; Combined Maximum Annual Debt Service

The term "Annual Debt Service" means, for each Bond Year, the sum of (1) the interest falling due on all Outstanding Bonds in such Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds, if any, are redeemed from the Sinking Account, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (2) the principal amount of the Outstanding Serial Bonds, if any, maturing by their terms in such Bond Year, and (3) the minimum amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year.

With respect to Capital Appreciation Bonds, the Accreted Value payment shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bonds.

If any Bonds bear interest payable pursuant to a variable interest rate formula, the interest rate on such Bonds for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of (a) the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if such 25 Bond Revenue Index is no longer published) or (b) the average variable rate of interest borne by such Bonds during the preceding 36 months or, if such Bonds were not outstanding during all of the preceding 36 months, the highest interest rate borne by variable interest rate debt for which the interest rate is computed by reference to a variable interest rate formula comparable to that utilized for such Bonds.

"Annual Debt Service" shall not include (a) interest on Bonds which is to be paid from amounts constituting capitalized interest or (b) principal and interest allocable to that portion of the proceeds of any Bonds required to remain unexpended and to be held in escrow pursuant to the terms of a Supplemental Indenture, provided that (i) projected interest earnings on such amounts, if any, deposited by the Agency in the Interest Account, are sufficient to pay the interest due on such portion of the Bonds so long as it is required to be held in escrow and (ii) the conditions for the release of such proceeds from escrow, insofar as they relate to Tax Revenue coverage and satisfaction of the Reserve Account Requirement, are substantially the same as those for the issuance of Additional Bonds.

The term "Average Annual Debt Service" means the average Annual Debt Service over all Bond Years.

The term "Maximum Annual Debt Service" means the largest Annual Debt Service during the period from the date of calculation through the final maturity date of any Outstanding Bonds.

The term "Combined Maximum Annual Debt Service" means the largest sum in any Bond Year of (i) Annual Debt Service plus (ii) Annual Debt Service as defined in the Senior Bond Indenture plus (iii) Debt Service as defined in the 1993 Loan Agreements payable under the 1989 Loan Agreements and the 1993 Loan Agreements during the period from the date of calculation through the final maturity date of any Outstanding Bonds.

Authorized Investments

In addition to the investments authorized under the Series 1999A Indenture, the Series 1999B Indenture permits investment in senior debt obligations of Federal Farm Credit Banks and in the Local Agency Investment Fund administered by the State Treasurer.

Bonds, Senior Bonds, Series 1999B Bonds, Additional Bonds, Capital Appreciation Bonds, Serial Bonds, Term Bonds

The term "Bonds" means the Series 1999B Bonds and all Additional Bonds.

The term "Senior Bonds" means the Culver City Redevelopment Agency, Tax Allocation Refunding Bonds, 1999 Series A (Culver City Redevelopment Project) and any bonds issued on a parity therewith pursuant to the Series 1999A Indenture.

The term "Series 1999B Bonds" means the Culver City Redevelopment Agency, Subordinate Tax Allocation Refunding Bonds, 1999 Series B (Culver City Redevelopment Project).

The term "Additional Bonds" means all tax allocation bonds of the Agency authorized and executed pursuant to the Indenture and issued and delivered in accordance with Article IV.

The term "Capital Appreciation Bonds" means any Additional Bonds described as such when issued.

The term "Serial Bonds" means Bonds for which no mandatory sinking account payments are provided.

The term "Term Bonds" means Bonds which are payable on or before their specified maturity dates from mandatory sinking account payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Year

The term "Bond Year" means (i) with respect to the initial Bond Year, the period extending from the date the Series 1999B Bonds are originally delivered to May 1, 2000 and (ii) thereafter, each successive twelve month period ending on May 1.

Surplus Tax Revenues

The term "Surplus Tax Revenues" means all amounts which are paid to the Series 1999B Trustee by the Series 1999A Trustee pursuant to the Series 1999A Indenture.

Issuance of Additional Bonds

Conditions for the Issuance of Additional Bonds

The Agency may at any time after the issuance and delivery of the Series 1999B Bonds issue Additional Bonds payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, but only subject to the following specific conditions:

- (a) The Agency shall be in compliance with all covenants set forth in the Indenture.
- (b) The issuance of such Additional Bonds shall have been duly authorized pursuant to the Law and all applicable laws, and shall have been provided for by a Supplemental Indenture duly adopted by the Agency which shall specify the following:
 - (1) The purpose for which such Additional Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Additional Bonds to be applied solely for (i) the purpose of aiding in financing the Project, including payment of all costs incidental to or connected with such financing, and/or (ii) the purpose of refunding any Bonds or other indebtedness related to the Project, including payment of all costs incidental to or connected with such refunding;
 - (2) The authorized principal amount of such Additional Bonds;
 - (3) The date and the maturity date or dates of such Additional Bonds; provided that (i) Principal and Sinking Account Payment Dates may occur only on Interest Payment Dates, (ii) all such Additional Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or mandatory Sinking Account Installments, or any combination thereof, shall be established to provide for the retirement of all such Additional Bonds on or before their respective maturity dates;
 - (4) The Interest Payment Dates, which shall be on the same semiannual dates as the Interest Payment Dates for the Series 1999B Bonds; provided, that such Additional Bonds may provide for compounding of interest in lieu of payment of interest on such dates;
 - (5) The denomination and method of numbering of such Additional Bonds;
 - (6) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;
 - (7) The amount and due date of each mandatory Sinking Account Installment, if any, for such Additional Bonds;
 - (8) The amount, if any, to be deposited from the proceeds of such Additional Bonds in the Interest Account;
 - (9) The amount, if any, to be deposited from the proceeds of such Additional Bonds into the Reserve Account; provided that the amount on deposit in the Reserve Account shall be increased at or prior to the time such Additional Bonds become Outstanding to an amount at least equal to the Reserve Account Requirement on all then Outstanding Bonds and such Additional Bonds, which amount shall be maintained in the Reserve Account;

(10) The form of such Additional Bonds; and

(11) Such other provisions as are necessary or appropriate and not inconsistent with the Series 1999B Indenture.

(c) Tax Revenues based upon the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll preceding the date of the Agency's adoption of the Supplemental Indenture providing for the issuance of such Additional Bonds plus, at the option of the Agency, the Additional Allowance, shall be in an amount equal to at least one hundred ten percent (110%) of Combined Maximum Annual Debt Service, as evidenced by a Consultant's Report.

For purposes of this subsection (c), the amount of Tax Revenues will be the amount received in the most recent Fiscal Year (which may be the current Fiscal Year) for which records are available from the County establishing the assessed valuations of property in the Project Area.

For the purposes of the issuance of Additional Bonds, Outstanding Bonds shall not include any Bonds the proceeds of which are deposited in an escrow fund held by the Trustee or an escrow agent, provided that the Supplemental Indenture authorizing issuance of such Additional Bonds shall provide that: (i) such proceeds shall be invested in Authorized Investments at a rate of interest which, together with amounts made available by the Agency from bond proceeds or otherwise, is at least sufficient to pay Annual Debt Service on the foregoing Bonds; (ii) moneys may be transferred from said escrow fund only if Tax Revenues for the then current Fiscal Year plus, at the option of the Agency, the Additional Allowance, shall be at least equal to 1.10 times Combined Maximum Annual Debt Service less a principal amount of Bonds which is equal to moneys on deposit in said escrow fund after each such transfer; and (iii) Additional Bonds shall be redeemed from moneys remaining on deposit in said escrow fund at the expiration of a specified escrow period in such manner as may be determined by the Agency.

In the event such Additional Bonds are to be issued solely for the purpose of refunding and retiring any Outstanding Bonds, interest and principal payments on the Outstanding Bonds to be so refunded and retired from the proceeds of such Additional Bonds being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service. Nothing contained in the Indenture shall limit the issuance of any tax allocation bonds of the Agency payable from the Surplus Tax Revenues and secured by a lien and charge on the Surplus Tax Revenues if, after the issuance and delivery of such tax allocation bonds, none of the Bonds theretofore issued hereunder will be Outstanding nor shall anything contained in this Indenture prohibit the issuance of any tax allocation bonds or other indebtedness by the Agency secured by a pledge of tax increment revenues (including Surplus Tax Revenues) subordinate to the pledge of Surplus Tax Revenues securing the Bonds.

Surplus Tax Revenues; Creation of Funds

Pledge of Surplus Tax Revenues

All the Surplus Tax Revenues and all money in the Debt Service Fund and in the funds or accounts so specified and provided for in the Series 1999B Indenture, whether held by the Agency or the Trustee (except the Rebate Fund), are irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Surplus Tax Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding; subject to certain provisions of the Series 1999B Indenture permitting application of Surplus Tax Revenues for other purposes under certain terms and conditions. This pledge shall constitute a first lien on the Surplus Tax Revenues and such other money for the payment of the Bonds.

Debt Service Fund

A fund is established known as the "Culver City Redevelopment Project Subordinate Tax Allocation Bonds Debt Service Fund," to be held by the Trustee. The Trustee shall deposit all Surplus Tax Revenues in the Debt Service Fund, to be allocated among subaccounts as described below.

Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund.

All moneys in the Debt Service Fund are set aside by the Trustee in each Bond Year when and as received in the following special accounts in the following order of priority:

(a) Interest Account. On or before each Interest Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Interest Account an amount of money which, together with any previous balance, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the next Interest Payment Date. All moneys in the Interest Account are used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(b) Principal Account. On or before each Principal Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Principal Account an amount of money which, together with any previous balance, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on the Principal Payment Date. In the event that there is insufficient money in the Debt Service Fund to make in full all such principal payments and required Sinking Account Installments, then the money available in the Debt Service Fund shall be applied pro rata to the making of such principal payments and Sinking Account Installments in the proportion which all such principal payments and Sinking Account Installments bear to each other.

All moneys in the Principal Account are used and withdrawn by the Trustee solely for the purpose of paying the principal and redemption premium, if any, of the Serial Bonds as they shall become due and payable.

(c) Sinking Account. On or before each Principal Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. All moneys in the Sinking Account are used by the Trustee to redeem Term Bonds.

(d) Reserve Account. On or before each Interest Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Reserve Account an amount of money (or other authorized deposit of security, as contemplated by the following paragraph) as shall be required to restore the balance in the Reserve Account to an amount equal to the Reserve Account Requirement for each Series of Bonds then Outstanding. No deposit need be made in the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Account Requirement for each Series of Bonds then Outstanding. The Reserve Account is divided into subaccounts with respect to each Series of Bonds and each subaccount is available only for payment of the Series of Bonds to which it relates. All money in (or available to) the Reserve Account is used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account, the Principal Account or the Sinking Account in such order, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Series of Bonds to which such subaccount relates in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding. So long as the Agency is not in default, any amount in the Reserve Account in excess of the Reserve Account Requirement may, upon Written Request of the Agency, be

Exhibit A

withdrawn from the Reserve Account by the Trustee and transferred to the Agency. In the event that there shall be insufficient money in the Debt Service Fund to make in full all required deposits to the subaccounts in the Reserve Account, then the money available in the Debt Service Fund shall be applied pro rata to the subaccounts in the proportion which all the Reserve Account Requirements for each Series bear to each other.

The Reserve Account Requirement may be satisfied by crediting to the Reserve Account moneys or a Qualified Reserve Account Credit Instrument or any combination thereof, which in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Account Requirement. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument, the Trustee shall release moneys then on hand in the Reserve Account to the Agency, to be used for any lawful purpose relating to the Project Area, in an amount equal to the face amount of the Qualified Reserve Account Credit Instrument.

(e) Surplus. After making the deposits referred to in paragraphs (a) through (d) above in any Bond Year, the Trustee shall transfer any amount remaining on deposit in the Debt Service Fund to the Agency to be used for any lawful purpose of the Agency.

Establishment of Other Funds: Redevelopment Fund; Expense Fund.

These funds are described in the preceding summary of the Series 1999A Indenture.

Exhibit A

Investment of Moneys in Funds and Accounts

Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account, the Expense Fund (and any account therein), the Redevelopment Fund (and any account therein) or the Rebate Fund are invested by the Trustee only in Authorized Investments. In the absence of instructions the Trustee shall invest in the investments described in clause (f) of the definition of "Authorized Investments." The obligations in which moneys in the Debt Service Fund, the Interest Account, the Principal Account or any Sinking Account are invested shall mature prior to the date on which such moneys are estimated to be required to be paid out. The obligations in which moneys in the Reserve Account are invested shall mature no later than the earlier of (a) five years from the date of purchase by the Trustee or (b) the final maturity date of the Bonds, with two exceptions. An obligation which may be redeemed at par at the option of the Trustee on the Business Day prior to any Interest Payment Date, or an investment agreement which permits the Trustee to withdraw invested amounts on any Business Day, on no more than five Business Days' notice, without penalty, may have any maturity. Any interest, income or profits from the deposits or investments of all funds (except the Redevelopment Fund, Expense Fund and Rebate Fund) and accounts are deposited in the Debt Service Fund. For purposes of determining the amount on deposit in any fund or account, all Authorized Investments credited to such fund or account shall be valued monthly at the lower of cost or market value (excluding accrued interest and brokerage commissions, if any).

Covenants of the Agency

All of the covenants described in the preceding summary of the Series 1999A Indenture are repeated in the Series 1999B Indenture for the benefit of the Owners of Series 1999B Bonds.

Amendment of the Indenture; Events of Default and Remedies of Owners; Defeasance

Provisions relating to these matters are substantially the same in both Indentures. See the description contained in the summary of the Series 1999A Indenture.

Miscellaneous

Liability of Agency Limited to Surplus Tax Revenues

The Bonds are limited obligations of the Agency and are payable, as to interest and principal, exclusively from the Surplus Tax Revenues. The Agency is not obligated to pay them except from the Surplus Tax Revenues. The Surplus Tax Revenues constitute a trust fund for the security and payment of the interest on and the principal of the Bonds. The Bonds are not a debt of the City of Culver City, the State of California or any of its political subdivisions. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Series 1999B Bonds Not Insured

The Series 1999B Bonds are not insured by FSA or any other municipal bond insurer.

APPENDIX B

GENERAL INFORMATION ABOUT THE CITY OF CULVER CITY

General

Culver City (the "City") is situated on the western portion of Los Angeles County (the "County"), approximately five miles north of Los Angeles International Airport and five miles east of the Marina del Rey small craft harbor and the Pacific Ocean. The City is bordered on all sides by Los Angeles, with the exception of a portion of the eastern side at which the boundary is contiguous with unincorporated County territory.

The City is located within the heart of the La Ballona Valley, which was originally settled in the eighteenth century by ranchers who utilized the resources of the temperate climate and availability of water in Ballona Creek. With the advent of a railroad connecting downtown Los Angeles to the Pacific Ocean coastline, the City's location along the railroad line facilitated subsequent development culminating in the creation of the City through incorporation in 1917.

Since its inception, Culver City has been intimately intertwined with the motion picture industry. Prior to incorporation, Thomas Ince built his film studio in 1915, which became Metro-Goldwyn-Mayer (MGM) in 1924. Other studios have located in Culver City over the past seven decades, including Hal Roach Studios, David Selznick International, RKO-Pathe, Desilu, Lorimar, Sony Pictures Entertainment, Columbia, Tri-Star, and Cecil B. Demille Picture Corp. In the decades after the end of World War II, the City became a center for specialized aerospace contracting firms, movie studios, and small office development.

The City's favorable location in the western section of the County, traversed by the San Diego and Route 90 freeways and immediately adjacent to the Santa Monica Freeway, has resulted in a strong economic base for the community. At the present time, the entertainment, medical, design and digital industries provide the largest sources of community employment. The City is considered the "Heart of Screenland". Sony Studios, a major television and movie producer, anticipates that 2,450 new jobs will be created with its planned expansion. Many other entertainment industry firms have moved into newly renovated buildings throughout the City (including Pittard Sullivan, Centropolis Effects, Intertainment, Unapix and GMT).

Population

Population figures for the City, the County and the State for 1970, 1980 1990 and the last five years are shown in the following table. The City has been substantially built out since the 1970s. The City's daytime employment population is estimated to be 250,000.

CITY OF CULVER CITY
Population Estimates

<u>Year</u>	<u>City of Culver City</u>	<u>County of Los Angeles</u>	<u>State of California</u>
1970	34,451	7,041,980	20,039,000
1980	38,139	7,477,421	23,782,000
1990	39,550	8,832,500	29,558,000
1994	39,700	9,280,600	31,661,000
1995	40,400	9,327,300	31,910,000
1996	40,550	9,374,400	32,223,000
1997	40,950	9,470,900	32,670,000
1998	41,550	9,603,300	33,226,000
1999	42,250	9,757,500	33,773,000

Source: State Department of Finance estimates (as of January 1)

Government and Administration

The City was incorporated as a general law city on September 17, 1917 and became a charter city on January 17, 1947. The charter provides for council-administrator form of government. The City Council's role is making policy decisions and is supplemented by the supervision of day-to-day functions under the direction of the Chief Administrative Officer.

Members of the City Council are elected for alternating four-year terms. The Mayor is selected annually by the Council from among its members. Other elective positions include City Clerk and City Treasurer. The City charter does not require primary elections and filing fees are minimal in order to provide the opportunity for persons with varying backgrounds to seek public office.

The City government is operated on the Civil Service system of merit appointment and promotion. Positions of the Chief Administrative Officer, City Attorney and other department heads are direct appointees of the City Council. The remaining positions, including the division department heads and their employees, are filled by appointment bases on competitive examinations. The City has direct responsibility for the provisions of all municipal services with the exceptions of library service and health department service, both of which are provided by the County.

Largest Employers

The following table lists the largest employers within the City and their estimated number of employees:

CITY OF CULVER CITY
Largest Employers
As of 1998

<u>Company</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Sony Pictures Entertainment	Entertainment	2,018
Fox Hills Mall	Shopping Mall	1,500
Brotman Medical Center	Hospital	900
Pacific Bell	Utilities	700
City of Culver City	Local Government	677
Metric Products	Manufacturer	650
Culver Unified School District	Education	573
Radisson Hotel	Hotel	300
Kaiser Permanente	Medical Center	275

Source: Culver City Chamber of Commerce.

Employment

The County is included in the Los Angeles-Long Beach Metropolitan Statistical Area. The following table summarizes the civilian labor force, employment and unemployment in the County for the calendar years 1995 through January 1999. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

LOS ANGELES-LONG BEACH METROPOLITAN STATISTICAL AREA
(LOS ANGELES COUNTY)
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999 (1)</u>
Civilian Labor Force (2)	4,349,600	4,394,300	4,486,900	4,640,800	4,589,300
Employment	4,006,900	4,033,200	4,186,100	4,336,900	4,284,400
Unemployment	342,700	361,100	306,800	303,900	304,900
Unemployment Rate	7.9%	8.2%	6.8%	6.5%	6.6%
<u>Wage and Salary Employment: (3)</u>					
Total All Industries	3,754,500	3,795,800	3,872,000	3,954,200	3,694,400
Agriculture	8,000	7,200	7,000	7,600	6,400
Nonagricultural Industries	3,746,500	3,788,500	3,865,100	3,946,700	3,958,000
Mining	5,900	5,700	5,500	4,900	4,700
Construction	109,800	107,500	109,500	116,200	116,000
Manufacturing	638,400	644,700	661,400	667,800	665,200
Transportation, Public Utilities	202,600	204,700	211,900	223,700	226,000
Wholesale Trade	259,000	257,400	265,100	272,200	272,700
Retail Trade	576,800	583,400	593,500	601,700	603,500
Finance, Insurance, Real Estate	222,100	217,200	220,200	226,500	228,300
Services	1,196,200	1,234,900	1,261,900	1,294,400	1,294,300
Government	535,700	533,000	536,300	539,300	547,300

(1) Figures as of January 1999 (not adjusted for seasonality).

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

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

Source: Labor Market Information Division of the California State Employment Development Department.

Exhibit A

Commercial Activity

As of the third quarter of 1998, total taxable transactions in the City were \$763,341,000, or 3.8% greater than total taxable transactions of \$735,050,000 that occurred in the City as of the third quarter of 1997. A summary of historic taxable sales within the City during the past five years is shown in the following table.

CITY OF CULVER CITY Taxable Transactions (figures in thousands)

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998 [1]</u>
Retail Stores:					
Apparel Stores	\$ 72,700	\$ 66,567	\$ 67,103	\$ 65,327	\$ 48,472
General Merchandise Stores	147,903	141,952	145,033	160,870	116,077
Drug Stores	11,515	11,440	11,983	[2]	[2]
Food Stores	30,537	30,151	29,245	30,048	22,259
Packaged Liquor Stores	5,747	5,500	5,201	[2]	[2]
Eating and Drinking Places	53,820	57,648	59,681	62,045	49,851
Home Furnishings and Appliances	18,605	26,835	39,219	38,271	29,336
Bldg. Materials and Farm Implmnts.	43,868	45,041	38,138	39,797	41,893
Auto Dealers and Auto Supplies	108,622	116,388	113,599	108,196	90,136
Service Stations	39,320	42,128	44,060	45,502	28,447
Other Retail Stores	<u>195,750</u>	<u>200,019</u>	<u>234,791</u>	<u>252,551</u>	<u>169,444</u>
Retail Store Totals	728,387	743,669	788,053	802,607	595,915
All Other Outlets	<u>224,683</u>	<u>194,266</u>	<u>194,673</u>	<u>212,688</u>	<u>167,426</u>
TOTAL ALL OUTLETS	<u>\$ 953,070</u>	<u>\$ 937,935</u>	<u>\$ 982,726</u>	<u>\$1,015,295</u>	<u>\$ 763,341</u>

[1] As of the third quarter of 1998.

[2] Drug stores have been merged with general merchandise stores and packaged liquor stores have been merged with other Source: State Board of Equalization.

Construction Activity

Building activity for the past five years in the City is shown in the following table.

CITY OF CULVER CITY Total Building Permit Valuations (valuations in thousands)

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
<u>Valuations:</u>					
Residential	3,258	2,488	9,126	3,651	15,903
Non-Residential	<u>29,419</u>	<u>20,781</u>	<u>13,207</u>	<u>8,469</u>	<u>36,610</u>
Total Valuations	32,677	23,269	22,333	12,120	52,513
<u>New Dwelling Units:</u>					
Single-family	1	3	27	2	56
Multi-family	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>1</u>	<u>0</u>
Total New Dwelling Units	1	3	27	3	56

Source: "California Building Permit Activity," Economic Sciences Corporation; City of Culver City Building Safety Division.

Education

Public education is provided to City residents of school age through the Culver City Unified School District, which operates five elementary schools, one intermediate school (Culver City Middle School), one high school (Culver City High School), one alternative high school (Culver Park High School), an adult school and a children's center. Private elementary schools located in the City include Wildwood Elementary School, The Willows School and Echo Horizon School. The ERAS School is a private special academic education school located in the City.

Abutting the eastern boundary of the City is the West Los Angeles Community College. This two-year facility provides City residents an opportunity to continue their education after high school and supplements the higher education opportunities provided at UCLA (five miles northwest of the City) and USC (nine miles east of the City). Pepperdine University offers an off-campus Masters of Business Administration program in the City.

Community Facilities

There are many community services available to local residents. Medical facilities include one hospital, Brotman Medical Center, plus numerous medical clinics and convalescent hospitals. The City also has one library, 35 churches, a local newspaper, and nine banks with a total of 12 branches. The City's Human Services Department provides professional supervision for a varied program of playground activities available to city residents at twelve city-owned parks and four mini-parks, three gymnasiums, and three school playgrounds open after school hours. The City maintains a community and youth center, and a senior citizen's facility at Veterans' Memorial Park, which furnishes modern facilities for all age groups of the community and includes the renovated Veteran' Memorial Auditorium. Ivy Substation and Media Park, a facility leased and managed by the Agency, is used for cultural activities and as a live performance venue.

Transportation

The area is served by the Los Angeles International Airport, the largest airport facility in California.

The sole source of public transportation in the City is bus service. The largest transit system in the area is operated by the Los Angeles County Metropolitan Transportation Authority, which has more than 2,200 miles of local and inter-urban routes serving the County's cities and communities. The City operates Culver City Bus, also known as Culver City Municipal Bus Lines, which is the second oldest continually operating municipal bus line in California and carried approximately 4.6 million passengers in fiscal year 1998-1999. The City's six regularly scheduled lines and 45 buses provide convenient connections for local residents and employees who use public transit.

The City's new \$16.5 million Transportation Facility, completed in June 1999, includes a 50,000 square-foot Administration and Maintenance Facility, a fueling island, a bus wash, a two-story, 124-space parking structure, and a compressed natural gas fueling station.

Residents continue to rely on the automobile as the primary source of transportation. A network of fifteen freeways facilitates intra-and inter-county travel. Major freeways include Interstate 405, which runs through the western portion of the City on a north-south axis, Interstate 5, the main west coast route from the Canadian border to the Mexican border, and Interstate 10, a major highway connecting the east and west coasts. Interstate 10 is located immediately to the north of the City.

Agency Investment Policy

The Agency invests its funds in accordance with the Agency's Investment Policy, most recently amended on March 15, 1999. In accordance with Culver City Charter Article VI, Section 602, idle cash management and investment transactions are the responsibility of the City Treasurer (who also serves as the Agency Treasurer), who establishes written procedures for the operation of the investment program consistent with the Investment Policy. The Treasurer is required to submit an investment report to the Agency no less frequently than quarterly.

An Investment Committee (consisting of the City Treasurer, Deputy City Treasurer, a Councilmember, the Chief Administrative Officer, the Community Development Director and a member of the public) serves for the City and the Agency. The Investment Committee meets at least once each calendar quarter to review and evaluate previous investment activity and yield, to review the current status of all funds held by the City and to discuss anticipated cash requirements and investment activity for the next quarter.

The Investment Policy limits the Agency to the following types of investments:

<u>Permitted Investments/Deposits</u>	<u>Limitations/ Percentages</u> (at the time of investment)	<u>Maximum Maturity</u>
Securities of the U.S. Government, including	Unlimited	5 years
U.S. Government Agencies and Instrumentalities	Unlimited	5 years
Certificates of Deposits	30%	5 years
Negotiable Certificates of Deposit	40%	270 days
Bankers Acceptances	30%	180 days
Commercial Paper	Max permitted by State Treas.	N/A
Local Agency Investment Funds (LAIF)	Unlimited	N/A
Passbook Deposits	Unlimited	1 year
Repurchase Agreements	20%	N/A
Mutual Funds	30%	5 years
Medium Term Notes	20%	5 years
Certain Asset-Backed Securities		

The Investment Policy also stipulates that no more than 50 percent of the Agency's total investment portfolio be invested in a single security type or with a single financial institution, and that the portfolio includes securities from at least three financial institutions.

According to the Agency Treasurer's most recent report for the quarter ended June 30, 1999, the Agency has invested funds with a market value totaling approximately \$31,435,316 million. As of June 30, 1999, approximately 49.18 percent of the portfolio was invested in securities of the U.S. government, 32.65 percent of the portfolio was invested in medium-term notes, and 15.78 percent was invested in LAIF. As of June 30, 1999, the market value of the Agency's investment portfolio was 99.12 percent of the investment portfolio's book value (\$31,713,288). The weighted average annual yield of the portfolio as of June 30, 1999 was 5.61 percent.

Exhibit A

The following table summarizes certain information relating to the Agency's investment portfolio as of June 30, 1999:

CULVER CITY REDEVELOPMENT AGENCY INVESTMENT PORTFOLIO SUMMARY (as of June 30, 1999)

<u>Type of Investment</u>	<u>Book Value</u>	<u>Market Value</u> [1]
Federal Agency Issues	\$14,734,457	\$14,423,126 [2]
Mortgage-Backed Securities	167,611	132,569 [2]
Local Agency Investment Fund (LAIF)	5,322,671	5,322,671
Passbook/Mutual Funds	639,450	639,450
Corporate Medium-Term Notes	11,016,710	10,917,500 [2]
Total	\$31,880,899	\$31,435,316

[1] Market Value as of June 30, 1999.

[2] Provided by BNY Western Trust Company.

Source: City of Culver City.

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APPENDIX C

**AUDITED FINANCIAL STATEMENTS OF THE AGENCY
FOR FISCAL YEAR ENDED JUNE 30, 1998**

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CULVER CITY REDEVELOPMENT AGENCY

General Purpose Financial Statements

June 30, 1998

(With Independent Auditors' Report Thereon)

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Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

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725 South Figueroa Street
Los Angeles, CA 90017

Independent Auditors' Report

The Board of Directors of the
Culver City Redevelopment Agency:

We have audited the general purpose financial statements of the Culver City Redevelopment Agency, a component unit of the City of Culver City, as of and for the year ended June 30, 1998, as listed in the accompanying table of contents. These financial statements are the responsibility of the Culver City Redevelopment Agency's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Culver City Redevelopment Agency at June 30, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining financial statements listed as supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Culver City Redevelopment Agency. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

As discussed in note 2 of notes to the general purpose financial statements, during the year ended June 30, 1998, the Culver City Redevelopment Agency adopted Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

KPMG Peat Marwick LLP

October 2, 1998

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Combined Balance Sheet –
All Fund Types and Account Group

June 30, 1998
with comparative totals for June 30, 1997

	Governmental Fund Types	
	Debt Service	Capital Projects
Assets and Other Debits		
Cash and investments (note 2)	\$ —	28,160,698
Cash investments held by fiscal agent (note 2)	17,091,465	—
Accrued interest receivable	—	378,549
Accrued property taxes	—	1,064,431
Due from the City of Culver City	—	28,367
Notes receivable (note 4)	—	2,149,930
Loans receivable (note 4)	—	—
Land held for resale (note 10)	—	34,519,554
Amounts available for debt service	—	—
Amount to be provided for retirement of long-term debt	—	—
Total assets and other debits	\$ 17,091,465	66,301,529
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 3,921	1,081,894
Deposits payable	—	830,885
Due to the City of Culver City (note 3)	—	1,896,724
Bonds payable (note 5)	—	—
Total liabilities	3,921	3,809,503
Fund balances:		
Reserved for debt service	17,087,544	—
Reserved for land held for resale	—	34,519,554
Reserved for low- and moderate-income housing	—	—
Reserved for long-term receivables	—	2,149,930
Reserved for encumbrances	—	4,351,076
Designated for capital projects	—	21,471,466
Total fund balances	17,087,544	62,492,026
Total liabilities and fund balances	\$ 17,091,465	66,301,529

See accompanying notes to general purpose financial statements.

Exhibit A

Fiduciary Fund Type Expendable Trust	Account Group General Long-Term Debt	Totals	
		(memorandum only)	
		1998	1997
3,240,992	—	31,401,690	39,541,602
—	—	17,091,465	17,567,794
51,757	—	430,306	556,028
169,917	—	1,234,348	1,317,169
—	—	28,367	33,380
—	—	2,149,930	2,158,465
2,044,898	—	2,044,898	1,961,230
—	—	34,519,554	35,906,561
—	17,087,544	17,087,544	17,567,794
—	132,686,975	132,686,975	134,103,486
<u>5,507,564</u>	<u>149,774,519</u>	<u>238,675,077</u>	<u>250,713,509</u>
35,238	—	1,121,053	2,668,373
—	—	830,885	2,160,811
80,066	—	1,976,790	580,205
—	149,774,519	149,774,519	151,671,280
<u>115,304</u>	<u>149,774,519</u>	<u>153,703,247</u>	<u>157,080,669</u>
—	—	17,087,544	17,567,794
—	—	34,519,554	35,906,561
3,178,040	—	3,178,040	1,765,886
2,044,898	—	4,194,828	4,119,695
169,322	—	4,520,398	6,329,657
—	—	21,471,466	27,943,247
<u>5,392,260</u>	<u>—</u>	<u>84,971,830</u>	<u>93,632,840</u>
<u>5,507,564</u>	<u>149,774,519</u>	<u>238,675,077</u>	<u>250,713,509</u>

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Combined Statement of Revenues, Expenditures and Changes in Fund Balances –
All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 1998
with comparative totals for June 30, 1997

	Governmental Fund Types	
	Debt Service	Capital Projects
Revenues:		
Property taxes	\$ —	13,828,854
Intergovernmental	—	371,978
Use of money and property	909,374	2,072,984
Reimbursements from City of Culver City	—	—
Miscellaneous	—	314,066
Total revenues	909,374	16,587,882
Expenditures:		
Current:		
Project improvements	—	11,586,329
Professional services	—	810,171
Administration and project implementation	—	3,833,521
Intergovernmental	—	1,063,666
Debt service:		
Bond principal	2,535,000	—
Interest and fiscal charges	7,865,490	—
Total expenditures	10,400,490	17,293,687
Deficiency of revenues over expenditures	(9,491,116)	(705,805)
Other financing sources (uses):		
Operating transfers in	10,138,638	1,230,536
Operating transfers out	(1,127,772)	(10,120,935)
Reclassification of amounts due to the City of Culver City to long-term loan payable to the City of Culver City	—	580,205
Total other financing sources (uses)	9,010,866	(8,310,194)
Deficiency of revenues and other sources over expenditures and other uses	(480,250)	(9,015,999)
Fund balances, July 1, 1997	17,567,794	71,508,025
Fund balances, June 30, 1998	\$ 17,087,544	62,492,026

See accompanying notes to general purpose financial statements.

Fiduciary Fund Type Expendable Trust	Totals	
	(memorandum only)	
	1998	1997
3,258,651	17,087,505	13,915,715
—	371,978	—
94,126	3,076,484	3,310,479
—	—	6,940,335
600	314,666	70,227
<u>3,353,377</u>	<u>20,850,633</u>	<u>24,236,756</u>
1,387,429	12,973,758	4,375,200
97,841	908,012	918,961
605,719	4,439,240	5,143,588
306,682	1,370,348	1,663,543
—	2,535,000	2,410,000
—	7,865,490	8,023,609
<u>2,397,671</u>	<u>30,091,848</u>	<u>22,534,901</u>
<u>955,706</u>	<u>(9,241,215)</u>	<u>1,701,855</u>
—	11,369,174	19,825,069
(120,467)	(11,369,174)	(19,825,069)
—	580,205	—
<u>(120,467)</u>	<u>580,205</u>	<u>—</u>
835,239	(8,661,010)	1,701,855
<u>4,557,021</u>	<u>93,632,840</u>	<u>91,930,985</u>
<u>5,392,260</u>	<u>84,971,830</u>	<u>93,632,840</u>

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY
Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budgetary Basis) -
All Governmental Fund Types and Expendable Trust Funds
Year ended June 30, 1998
with comparative totals for June 30, 1997

	Debt Service Funds			Capital Projects Funds		
	Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)	Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)
Revenues:						
Property taxes	\$ —	—	—	14,020,000	13,828,854	(191,146)
Intergovernmental	—	—	—	—	371,978	371,978
Use of money and property	—	909,374	909,374	11,849,996	2,072,984	(9,777,012)
Miscellaneous	—	—	—	1,209,000	314,066	(894,934)
Total revenues	—	909,374	909,374	27,078,996	16,587,882	(10,491,114)
Expenditures:						
Current:						
Project improvements	—	—	—	17,244,159	15,236,329	2,007,830
Professional services	—	—	—	2,249,259	810,171	1,439,088
Administration and project implementation	—	—	—	5,225,619	3,833,521	1,392,098
Intergovernmental	—	—	—	1,109,000	1,063,666	45,334
Debt service:						
Bond principal	2,535,000	2,535,000	—	—	—	—
Interest	7,899,190	7,865,490	33,700	—	—	—
Total expenditures	10,434,190	10,400,490	33,700	25,828,037	20,943,687	4,884,350
Excess (deficiency) of revenues over expenditures	(10,434,190)	(9,491,116)	943,074	1,250,959	(4,355,805)	(5,606,764)
Other financing sources (uses):						
Operating transfers in	10,468,000	10,138,638	(329,362)	—	1,230,536	1,230,536
Operating transfers out	—	(1,127,772)	(1,127,772)	(11,933,049)	(10,120,935)	1,812,114
Reclassification of amounts due to the City of Culver City to long-term loan payable to the City of Culver City	—	—	—	—	580,205	580,205
Total other financing sources (uses)	10,468,000	9,010,866	(1,457,134)	(11,933,049)	(8,310,194)	3,622,855
Excess (deficiency) of revenues and other sources over expenditures and other uses	33,810	(480,250)	(514,060)	(10,682,090)	(12,665,999)	(1,983,909)
Fund balances, July 1, 1997	17,567,794	17,567,794	—	71,508,025	71,508,025	—
Fund balances, June 30, 1998	\$ 17,601,604	17,087,544	(514,060)	60,825,935	58,842,026	(1,983,909)

See accompanying notes to general purpose financial statements.

Exhibit A

Low/Moderate Income Housing Expendable Trust Funds			Totals (memorandum only)		
Budget	Actual (budgetary basis)	Variance – favorable (unfavorable)	Budget	Actual (budgetary basis)	Variance – favorable (unfavorable)
—	3,258,651	3,258,651	14,020,000	17,087,505	3,067,505
—	—	—	—	371,978	371,978
—	94,126	94,126	11,849,996	3,076,484	(8,773,512)
—	600	600	1,209,000	314,666	(894,334)
—	3,353,377	3,353,377	27,078,996	20,850,633	(6,228,363)
2,635,672	1,556,597	1,079,075	19,879,831	16,792,926	3,086,905
42,000	97,841	(55,841)	2,291,259	908,012	1,383,247
631,209	605,719	25,490	5,856,828	4,439,240	1,417,588
59,000	306,682	(247,682)	1,168,000	1,370,348	(202,348)
—	—	—	2,535,000	2,535,000	—
—	—	—	7,899,190	7,865,490	33,700
3,367,881	2,566,839	801,042	39,630,108	33,911,016	5,719,092
(3,367,881)	786,538	4,154,419	(12,551,112)	(13,060,383)	(509,271)
2,292,000	—	(2,292,000)	12,760,000	11,369,174	(1,390,826)
—	(120,467)	(120,467)	(11,933,049)	(11,369,174)	563,875
—	—	—	—	580,205	580,205
2,292,000	(120,467)	(2,412,467)	826,951	580,205	(246,746)
(1,075,881)	666,071	1,741,952	(11,724,161)	(12,480,178)	(756,017)
4,557,021	4,557,021	—	93,632,840	93,632,840	—
3,481,140	5,223,092	1,741,952	81,908,679	81,152,662	(756,017)

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

(1) Summary Of Significant Accounting Policies

The following is a summary of the significant accounting policies of the Culver City Redevelopment Agency (Agency).

(a) General

The Agency is a separate governmental entity established on February 8, 1971, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law." Its purpose is to carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the City limits of the City of Culver City (City). The State Health and Safety Code provides that upon the approval of a redevelopment plan, property taxes levied on future incremental increases in the assessed value within the designated project area will be paid to the redevelopment agency until all indebtedness incurred to finance the project has been paid.

The City Council has declared itself to be the governing body of the Agency pursuant to the Community Redevelopment Law and functions as the Agency's Board of Directors. The Agency has no employees; all Agency duties and functions are performed by employees of the City. The City is reimbursed for the cost of these and other services (note 3).

Because the Agency meets the criteria for a component unit established by the Governmental Accounting Standards Board, the Agency's financial statements have also been included in the Comprehensive Annual Financial Report of the City of Culver City for the fiscal year ended June 30, 1998.

The Agency currently administers three project areas as follows:

- The Slauson – Sepulveda Redevelopment Project (Project No. 1) was established in 1971 and encompasses 306 acres located in the southwestern portion of the City. This project area is primarily designated for commercial use. The largest single development within the project area is the Fox Hills Mall, which was completed during October 1975.
- The Overland – Jefferson Redevelopment Project (Project No. 2) was established in 1971 and encompasses 184 acres located in the central portion of the City. This project area is primarily designated for residential use with emphasis on construction or renovation of neighborhood, commercial and public facilities.
- The Washington – Culver Redevelopment Project (Project No. 3) was established in 1975 and encompasses 526 acres located in the northeastern portion of the City. This project area is primarily designated for construction or renovation of commercial and industrial structures.

Also included in the Agency's general purpose financial statements are the activities of the Culver City Redevelopment Financing Authority (Authority), a joint powers authority formed between the Agency and the City for the purposes of financing various redevelopment activities and the Downtown Revitalization Corporation (Corporation), a nonprofit corporation, created to perform business development activities in the corridor adjacent to the Washington – Culver Redevelopment Project Area.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

(b) Culver City Redevelopment Financing Authority

The Authority meets the definition of a "component unit" and is presented on a "blended" basis as if it was part of the Agency. Although the Authority is legally a separate entity, the governing board of the Authority is comprised of the same membership as the Agency's governing board. In addition, there is also a financial benefit/burden relationship between the Agency and the Authority.

The Agency reimburses the Authority for all costs incurred by the Authority on its behalf. The loans from the Authority to the Agency are at the same interest rates and payment terms as the underlying bonds of the Authority, and the Agency maintains all cash reserves required under the bond indentures. Therefore, the activity of the Authority is included in the Agency's general purpose financial statements and the transactions between the Authority and the Agency are eliminated for financial statement purposes.

(c) Culver City Revitalization Corporation

The Corporation meets the definition of a "component unit" and is presented on a "blended" basis as if it was part of the Agency. Although the Corporation is legally a separate entity, the governing board is appointed by the Agency Board of Directors and there is a financial benefit/burden relationship between the Agency and the Corporation. The Corporation receives services from Agency staff and receives grants from the Agency and certain property owners, and the activity is included in the Washington-Culver Project No. 3 Capital Projects Fund.

The Authority and the Corporation are audited as part of the Agency. Further information is available at the Culver City Hall, Office of the City Treasurer.

Hereinafter, "Agency" refers to the combined entity of the Agency, the Authority and the Corporation, unless otherwise specified.

(d) Description of Funds

The accounting records of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Under the terms of the bond indentures, property tax revenues received by the Agency are to be deposited into special accounts that are administered by an independent fiscal agent to provide for annual debt service. The Agency may, at its discretion, allocate property tax revenues in excess of debt service, as defined in the bond indentures, to the capital projects fund types. The excess of revenues over expenditures in any particular year and the fund balances represent funds available to pay Agency indebtedness, which is incurred in the course of implementing various redevelopment projects.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

Each Project Area has a Low/Moderate Income Housing Expendable Trust Fund, which is accounted for in accordance with the pertinent sections of the California Health and Safety Code. These Housing Funds were created at the time of the 1989 Bond sale in Projects 1 and 3 and as a part of the fiscal year 1989-90 Agency Annual Budget for Project Area No. 2.

The Project No. 1 Low/Moderate Income Housing Expendable Trust Fund was established by stipulation in settlement of litigation to establish a separate fund of the Agency for this purpose. The Project No. 3 Low/Moderate Income Housing Expendable Trust Fund was voluntarily created by the Agency in the Redevelopment Plan for the project, which was adopted prior to the state redevelopment housing legislation. The Project No. 2 Low/Moderate Income Housing Expendable Trust Fund was created in accordance with the pertinent sections of the California Health and Safety Code.

(e) *Governmental Fund Types and Account Group*

The various funds are grouped in the accompanying financial statements in this report as follows:

- Debt Service Funds – The Agency's debt service funds are used to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.
- Capital Projects Funds – The capital projects funds are used to account for the receipt and disbursement of monies used in the redevelopment activities of the Agency's project areas. Because of their complexity, generally most projects require more than one budgetary cycle to complete.
- Expendable Trust Funds – The Agency's expendable trust funds are used to account for the Agency's mandated low/moderate income housing funds.
- General Long-Term Debt Account Group – This account group is used to account for, in a separate self-balancing group of accounts, the Agency's outstanding indebtedness.

(f) *Basis of Accounting*

All fund types are accounted for using the modified-accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available. Expenditures are generally recognized under the modified-accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

(g) *Budgetary Control and Accounting*

The Agency adheres to the following general procedures in establishing its annual budget, which is reflected in the accompanying combined financial statements:

- The annual budget adopted by the Agency Board of Directors provides for the general operation of the Agency. It includes estimated revenues and authorized appropriations for all of the Agency's funds.
- Project improvements in the capital projects funds are budgeted on a project-life basis rather than on an annual basis as the life of many of the projects is more than one year. Unencumbered appropriations for such projects are rebudgeted in succeeding years of the project. Following is a summary of the total budget, cumulative expenditures and remaining budget for each project area as of June 30, 1998:

Project area	Total budget	Expenditures			Remaining budget
		Prior years	Current year	Total	
Project No. 1	30,644,472	10,602,925	2,874,007	13,476,932	17,167,540
Project No. 2	15,170,518	7,329,658	6,450,219	13,779,877	1,390,641
Project No. 3	52,526,547	29,056,499	2,262,103	31,318,602	21,207,945
Total	98,341,537	46,989,082	11,586,329	58,575,411	39,766,126

- Expenditures may not exceed appropriations at the fund total level. Budgeted amounts presented in the combined financial statements represent the final adjusted amounts. Supplemental appropriations are made during the year by the Agency Board of Directors if revenues are received from unanticipated sources or from anticipated sources, but in excess of original estimates.
- The budgets for all funds are formally integrated into the accounting system and employed as a management control device during the year.
- Budget appropriations lapse at year-end.
- Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for transactions related to the purchase and sale of land held for resale and mortgage assistance loans, which are adopted on a budgetary basis. Budgets for the Agency are adopted on a modified-accrual basis.
- For the year ended June 30, 1998, expenditures and other financing uses exceeded appropriations in the following funds:
 - Slauson – Sepulveda Project Area No. 1 Debt Service Fund
 - Overland – Jefferson Project Area No. 2 Debt Service Fund
 - Washington – Culver Project Area No. 3 Debt Service Fund
 - Overland – Jefferson Project Area No. 2 Capital Projects Fund
 - Slauson – Sepulveda Project No. 1 Expendable Trust Fund.

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

The following schedule provides a reconciliation of the Capital Projects Fund Type and the Expendable Trust Fund Type from the Agency's budgetary basis to its GAAP basis:

		<u>Capital project</u>	<u>Expendable trust</u>
Fund balance at June 30, 1998 (Budgetary basis)	\$	58,842,026	5,223,092
Purchase of land held for resale		3,650,000	—
Mortgage assistance loans made during 1997/98		—	169,168
Fund balance at June 30, 1998 (GAAP basis)	\$	<u>62,492,026</u>	<u>5,392,260</u>

(h) Tax Revenues

Incremental property tax revenues are established pursuant to California Community Redevelopment Law and result from the excess of taxes levied and collected each year in designated project areas over and above the amount which would have been produced, at current rates, by the assessed value as shown on the last equalized property tax assessment roll prior to the effective date of the ordinance establishing the designated project areas.

For purposes of Los Angeles County's administration of tax increment distribution to the Agency, incremental property tax revenues are considered revenues of the Project Areas when notification is received from the County of Los Angeles and received in cash within 60 days of the fiscal year-end.

(i) Investments

In order to maximize investment return, the Agency pools its available cash except for cash required to be held by outside fiscal agents under the provisions of bond indentures. All investment decisions are made by the elected City Treasurer based on the Agency's investment policy or controlling bond indentures.

Interest income, realized gains and losses and changes in fair value of investments arising from such pooled cash and investments are apportioned to each participating Agency fund based on the relationship of such fund's respective cash balances to aggregate pooled cash and investments. Interest income, realized gains and losses and changes in fair value of investments arising from cash and investments held by outside fiscal agents under the provisions of bond indentures is credited directly to the related fund.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

The Agency's investments are stated at fair value. Fair value is determined based upon market closing prices or bid/asked prices for regularly traded securities. The fair value of guaranteed investment contracts and other investments with no regular market are estimated based on similar traded investments. The fair value of mutual funds, government-sponsored investment pools and other similar investments are stated at share value, or appropriate allocation of fair value of the pool, if separately reported. Certain money market investments with initial maturities at the time of purchase of less than one year are recorded at cost. The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year may have been recognized as an increase or decrease in fair value of investments reported in the prior year.

(j) Land Held for Resale

The cost of land acquired by the Agency and held for resale to private developers is recorded as an asset at the lower of cost or estimated net realizable value with a corresponding reservation of fund balance. Net realizable value is determined by the terms of Disposition and Development Agreements (DDAs) reached with developers. Payment made in conjunction with eminent domain proceedings is recorded upon payment.

(k) Allocated Costs

The California Community Redevelopment Law (Health and Safety Code, Chapter 6, Article 2, Section 33610) authorized cities to allocate to a redevelopment agency such salaries and overhead expenses as considered appropriate to cover the cost of administrative support provided by the City.

Expenditures common to the Project Areas are allocated according to the Agency's resolutions unless specific identification to a Project Area is possible.

(l) Total Columns and Comparative Data

Total columns in the accompanying general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not purport to present financial position, results of operations or changes in financial position of the Agency, in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Certain reclassifications have been made to data presented for prior years to conform to the current year's presentation.

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the Agency's financial position and operations. However, comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

(2) Cash and Investments

Cash and investments at June 30, 1998 consisted of the following:

Demand deposits	\$ 139,776
Petty cash	200
Total pooled deposits	<u>139,976</u>
Pooled investments	31,261,713
Cash and investments held with fiscal agents	<u>17,091,466</u>
Total investments	<u>48,353,179</u>
Total cash and investments	<u>\$ 48,493,155</u>

(a) Authorized Investments

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

- Securities of the U.S. Government, or its agencies
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan associations
- Negotiable Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool) Deposits
- Passbook Savings Account Demand Deposits
- Repurchase Agreements
- Government Mutual Funds
- Medium-Term Corporate Notes
- County of Los Angeles Investment Pool
- Certain Asset-Backed Securities.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

(b) Pooled Deposits

The California Government Code requires California banks and savings and loan associations to secure the Agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the Agency's deposits. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the Agency's total deposits.

The Agency may waive collateral requirements for deposits which are fully insured up to \$100,000 by Federal depository insurance.

The Agency's deposits are entirely insured or collateralized.

(c) Credit Risk and Fair Value of Investments

The Agency's criteria for the selection of investments, in priority, are safety, liquidity and yield. Investments are classified as to credit risk by three categories as follows:

- Category 1: Insured or registered, or securities held by the Agency or its agent in the Agency's name
- Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Agency's name
- Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Agency's name.

The table below summarizes the credit risk, carrying amount and market value of investments at June 30, 1998 (in thousands):

	Category			Fair value
	1	2	3	
Pooled investments:				
Medium-term corporate notes	\$ 8,014	—	—	8,014
Federal agency issues	17,009	—	—	17,009
Mortgage backed securities	403	—	—	403
Mutual funds (1)	—	—	—	781
State of California Local Agency Investments Fund (LAIF) (1)(2)	—	—	—	5,055
Total pooled investments	25,426	—	—	31,262
Investments with fiscal agents:				
Mutual funds (1)	—	—	—	7,551
Investment agreements (1)	—	—	—	9,540
Total investments with fiscal agents	—	—	—	17,091
Total investments	\$ 25,426	—	—	48,353

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

Explanatory Legend

- (1) Not required to be categorized.
- (2) The management of the State of California Pooled Money Investment Account (generally referred to as LAIF) has indicated to the Agency that as of June 30, 1998, the carrying amount of the pool was \$31,866,667,331 and the estimated market value of the pool (including accrued interest) was \$31,932,227,970. The Agency's proportionate share of that value is \$5,055,000. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes totaling \$977,100,000 and asset-backed securities totaling \$388,537,000. LAIF's (and the Agency's) exposure to risk (credit, market or legal) is not currently available.
- (3) Certain securities owned by the Agency have floating interest rates derived from the LIBOR or CMT indices. The fair value of these securities was \$6,917,890 at June 30, 1998. It is the intent of the Agency to hold these investments until maturity; therefore, no loss of principal is anticipated. The Agency has sufficient financial capability that there is little possibility of a forced liquidation.
- (d) ***Implementation of Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools"***

During the year ended June 30, 1998, the City of Culver City adopted Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." As a participant in the investment pool, the Agency also adopted GASB 31. Under GASB 31, investments are generally stated at fair value, rather than amortized cost, and the increase or decrease in fair value of investments is included as a component of income. The Agency's management has determined that differences between the fair value and amortized cost basis of its investments at June 30, 1998 and 1997, as well as July 1, 1996, are immaterial; accordingly, the Agency's 1997 general purpose financial statements have not been restated to reflect adoption of this statement.

(3) Transactions and Agreements with the City of Culver City

The Agency has entered into various agreements with the City for financial assistance and services, facilities and personnel support. The Agency reimburses the City for all such services performed on its behalf in amounts equal to the gross salary and employee fringe benefits for all City employees utilized by the Agency plus an allocation of overhead costs. The Agency is charged interest on the balance of billings and advances from the City not paid within 30 days at the lower of .5% per annum above the average monthly interest rate earned by the City on its other investments or the maximum legal interest rate. At June 30, 1998, the amount to be reimbursed by the Agency is \$1,947,748.

The Agency and City have entered into other cooperative agreements, whereby the City has agreed to provide for the construction of projects deemed to be of benefit to one or more of the project areas, and the Agency has agreed to reimburse the City for the related costs. At June 30, 1998, the amount of projects

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

aggregate future costs to be incurred pursuant to the cooperative agreements amounted to approximately \$4,792,792, \$13,895,425 and \$18,137,554 for Project Nos. 1, 2 and 3, respectively. No unreimbursed costs related to these cooperative agreements are outstanding at June 30, 1998.

(4) Loans And Notes Receivable

The Agency's loans and notes receivable consist of the following at June 30, 1998 (in thousands):

On July 10, 1989, the Agency entered into Owner Participation Agreements for the sale and redevelopment of real property within the Washington-Culver Redevelopment Project No. 3 and has recorded a loan receivable	\$	57
On December 17, 1990, the Agency provided a loan to a mobile home park which included affordable housing tenants to assist in acquiring title to mobile home park land in Culver City. The loan bears simple interest at the rate of 7% per annum from the date of the agreement. The loan is payable beginning 121 months after the date of disbursement (December 17, 1990) and ending thirty years thereafter. During the year ended June 30, 1998, the Agency and the mobile home park renegotiated the terms of this agreement. Unpaid accrued interest of \$531,211 was eliminated and the loan term was reset at 30 years from the date of the revised first trust deed loan. This loan will continue to accrue interest at 7% on the original principal balance of \$880,500. Loan payments are deferred for 10 years from the date of the revised first trust deed loan with monthly principal and interest payments of \$10,322 until paid in full. This loan is in third position behind a Bank of America first trust deed note and a loan from the California Department of Housing and Community Development		881
In March of 1994, the Agency began a mortgage assistance program to provide deferred second trust deeds to qualified low- and moderate-income level families. The term of the loans is 20 years and accrues interest of 5% per annum. Both interest and principal payments are deferred for the first five years		1,059
In September of 1994, the Agency received a promissory note for relocation costs paid by the Agency on behalf of a local business relocated within the redevelopment area. The note bears interest at 6.1038%, compounded annually and is payable over 30 years		2,150
The Group Home Program makes funds available for the establishment of group homes that serve special populations, such as the developmentally disabled. As of 1993, the Agency had funded three group homes. The Agency uses housing set-aside funds to support this program. Principal on these loans is deferred for forty years and forgiven provided the covenants for low-income housing are met. The three Group Home loans are as follows:		

<u>Loan recipient</u>	<u>Loan date</u>	<u>Loan amount</u>	
ERAS	February 1991	\$ 305,000	
HOME	April 1992	412,000	
WOW	October 1992	388,000	1,105

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

The Agency deposits funds with the Bank of America to allow the bank to make certain compensating balance loans on a subsidized basis. The balance of \$372,000 represents the amount on deposit with the Bank of America. As home owners repay principal balances on such loans, the bank releases such funds back to the Agency

\$ 372

The Agency offers an economic development incentive program to provide financial assistance to property and business owners for physical improvements to existing buildings located within a redevelopment project area in the City. The amount of such financial assistance loans is not intended to be more than is needed to "close the gap" for funding meaningful improvements, nor more than the economic benefit to be realized by the City and Agency in new or increased taxes. The Agency has made a total of five such loans

558

Other miscellaneous notes and loans receivable

48

Allowance for loan losses

(2,035)

Total loans and notes receivable

\$ 4,195

A reservation of fund balance has been established in the Capital Projects and Expendable Trust Funds for these long-term receivables.

(5) General Long-Term Debt

Changes in the Agency's general long-term debt during the year ended June 30, 1998 are as follows:

	<u>Balance July 1, 1997</u>	<u>Additions/ accretions</u>	<u>Retirement</u>	<u>Balance June 30, 1998</u>
1989 Revenue Bonds, Series A (Senior lien project loans)	\$ 13,696,280	58,034	1,435,000	12,319,314
1989 Revenue Bonds, Series B (Subordinate lien project loans)	13,000,000	—	—	13,000,000
1993 Revenue Bonds	124,975,000	—	1,100,000	123,875,000
Loan payable to the City of Culver City	—	580,205	—	580,205
Total general long-term debt	\$ <u>151,671,280</u>	<u>638,239</u>	<u>2,535,000</u>	<u>149,774,519</u>

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

(a) Bonded Debt

A discussion of the Agency's bonded debt follows:

In November 1989, the Authority issued \$109,995,467 of Series A Revenue Bonds (Senior Lien Project Loans) and \$40,000,000 of Series B Revenue Bonds (Subordinate Lien Project Loans). The net proceeds of these bonds were used to fund loans to the Agency. The proceeds of such loans were used in part to advance refund the outstanding Washington - Culver Redevelopment Project No. 3 - 1983 Tax Allocation Bonds, the Slauson - Sepulveda Redevelopment Project No. 1 - 1985 Tax Allocation Bonds, the Overland - Jefferson Redevelopment Project No. 2 - 1985 Tax Allocation Bonds and the Washington - Culver Redevelopment Project No. 3 - 1985 Tax Allocation Bonds (1983 and 1985 Tax Allocation Bonds) (See note 6). The balance of the proceeds of the loans have been or are being used for various redevelopment activities including the construction of a new City Hall, improvements to public buildings and grounds, public right-of-way improvements, real estate assembly and rehabilitation.

In addition, in order to meet certain requirements of redevelopment law, and to comply with other locally imposed requirements, 10% of the proceeds of the loans, after deposits to the Escrow Account for the defeasance of the 1983 and 1985 Tax Allocation Bonds and to the Reserve Account and Interest Account of the Debt Service Fund, was deposited into the Low/Moderate Income Housing Expendable Trust Funds of Project 1 and Project 3.

In November 1993, the Authority issued \$128,070,000 of Revenue Bonds. The net proceeds of these bonds were used to provide loans to the Agency. The proceeds of such loans were used to advance refund a portion of the Agency's outstanding 1989 Series A and Series B Revenue Bonds (See note 6).

The loans to the Agency from the Authority are at rates and payment terms identical to the underlying Revenue Bonds of the Authority; the required Reserve and Debt Service Funds for the Revenue Bonds are maintained by the Agency; and the Agency reimburses the Authority for all of its other net costs, expenses or losses; therefore, the transactions of the Authority are included in the financial statements of the Agency, and the transactions between the Agency and the Authority are eliminated for financial statement purposes.

(b) Series A 1989 Revenue Bonds (Senior Lien Project Loans)

The outstanding Series A 1989 Revenue Bonds (Senior Lien Project Loans) consist of \$11,455,000 Current Interest Bonds and \$864,314 Capital Appreciation Bonds (including cumulative accreted interest of \$383,720).

The outstanding Series A Current Interest Bonds consist of \$6,780,000 Serial Bonds which mature on November 1 in the years from 1998 through 2001 in amounts from \$1,530,000 to \$1,865,000 and at the interest rates of 6.70% to 6.90%; \$2,120,000, 7.10% Term Bonds maturing on November 1, 2010; and \$2,555,000, 6.75% Term Bonds maturing on November 1, 2015. Interest on the Current Interest Bonds is payable semiannually on May 1 and November 1 of each year.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

Series A Current Bonds maturing on or after November 1, 2000 are subject to redemption prior to maturity in whole or in part on any interest payment date on or after November 1, 1999, upon payment of a redemption price equal to the principal amount plus a premium. The premium is 2% of the principal amount for bonds redeemed on November 1, 1999 or May 1, 2000; 1% for bonds redeemed on November 1, 2000 or May 1, 2001; and there is no premium for bonds redeemed on or after November 1, 2001. The outstanding Term Bonds maturing in 2010 are subject to mandatory redemption in part by lot on November 1 in each year commencing November 1, 2001 through maturity, from sinking fund payments, in the amounts of \$295,000 to \$415,000. The outstanding Term Bonds maturing in 2015 are subject to mandatory redemption in part by lot on November 1 in each year commencing November 1, 2011 through maturity, from sinking fund payments, in the amounts of \$445,000 to \$580,000. If some of the Term Bonds are called for early redemption as described above, the total amount of future sinking fund payments will be reduced by the principal amount of Term Bonds so redeemed, to be allocated among the sinking fund payments on a pro rata basis.

The Series A Capital Appreciation Bonds (CABs), which are payable only at their maturity, mature on November 1 in the years from 2002 to 2004 in an amount (their "Final Compounded Amount") equal to the initial principal amount of such bonds plus accrued interest from the date of issuance, compounded semiannually at May 1 and November 1, at the yields of 7.05% to 7.10%. The Final Compounded Amount of the CABs are not subject to redemption prior to maturity. During the year ended June 30 1998, the principal balance due on the CABs increased by \$58,034 due to accreted interest.

The Series A Bonds are secured by the senior loans between the Agency and the Authority, and the senior loans are secured by and payable from a pledge of and first lien on any property tax revenues received by the Agency, except for tax increment revenues required by Redevelopment Law and other locally imposed requirements to be deposited to the Low/Moderate Income Housing Funds, on or after November 1, 1989 and available on a noncumulative basis in each 12-month period ending June 30 (Fiscal Year) up to an amount equal to 100% of annual debt service on the bonds for such Fiscal Year (less amounts already on deposit in the interest and principal accounts in the Debt Service Fund other than amounts representing investment earnings that may be related to the Agency) plus an amount, if any, necessary to maintain the required minimum balance in the Reserve Account (Pledged Tax Revenues). A fiscal agent is required to maintain the Debt Service Funds into which Pledged Tax Revenues are deposited. A minimum balance equal to maximum annual debt service must be maintained in a Reserve Fund to be funded by the Debt Service Fund, if necessary. All tax revenues, other than Pledged Tax Revenues, are then available for requirements under the Subordinate Debt and when such Subordinate Debt requirements are satisfied, all other tax revenues may be kept by the Agency.

(c) ***Series B 1989 Revenue Bonds (Subordinate Lien Project Loans)***

The outstanding Series B 1989 Revenue Bonds (Subordinate Lien Project Loans) consist of Current Interest Bonds only. They include \$4,900,000, 7.50% Term Bonds maturing on December 1, 2008 and \$8,100,000, 7.60% Term Bonds maturing on December 1, 2015. Interest is payable semiannually on June 1 and December 1 of each year. Series B Bonds are subject to redemption

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

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prior to maturity in whole or in part on any interest payment amount plus a premium. The premium is 2% of the principal amount for bonds redeemed on December 1, 1999 or June 1, 2000; 1% for bonds redeemed on December 1, 2000 or June 1, 2001; and there is no premium for bonds redeemed on or after December 1, 2001.

The outstanding Term Bonds maturing in 2008 are subject to mandatory redemption in part by lot on December 1 in each year commencing December 1, 2002 through maturity, from sinking fund payments, in the amounts of \$215,000 to \$530,000. The outstanding Term Bonds maturing in 2015 are subject to mandatory redemption in part by lot on December 1 in each year commencing December 1, 2009 through maturity, from sinking fund payments, in the amounts of \$355,000 to \$875,000. If some of the Term Bonds are called for early redemption, as described above, the total amount of future sinking fund payments will be reduced by the principal amount of Term Bonds so redeemed, to be allocated among the sinking fund payments on a pro rata basis.

The Series B Bonds are secured by the Pledged Tax Revenues (defined above) which are available following provision for payment of all amounts payable on the Series A Bonds for each bond year. A fiscal agent is required to maintain the Debt Service Funds into which Pledged Tax Revenues are deposited. A minimum balance equal to the lesser of (i) maximum annual debt service, (ii) 125% of average debt service or (iii) 10% of the net proceeds of the Series B Bonds must be maintained in a Reserve Fund, to be funded by the Debt Service Fund, if necessary. All tax revenues other than Pledged Tax Revenues for both Series A and Series B Bonds may be kept by the Agency.

(d) 1993 Revenue Bonds

The outstanding 1993 Revenue Bonds consist of \$28,460,000 Serial Bonds which mature on November 1 in the years from 1998 through 2008 in amounts from \$1,140,000 to \$3,905,000 and at interest rates of 3.70% to 4.90%; \$28,225,000, 5.50% Term Bonds maturing on November 1, 2014; \$41,425,000, 4.60% Term Bonds maturing on November 1, 2020; and \$25,765,000, 5.00% Term Bonds maturing on November 1, 2023. Interest on the Bonds is payable semiannually on May 1 and November 1 of each year.

The Bonds maturing on or after November 1, 2004 are subject to redemption prior to maturity in whole or in part on any interest payment date on or after November 1, 2003, upon payment of a redemption price equal to the principal amount plus a premium. The premium is 2% of the principal amount of bonds redeemed on November 1, 2003; 1% for bonds redeemed on May 1, 2004 or November 1, 2004; and there is no premium for bonds redeemed on or after May 1, 2005. The outstanding Term Bonds maturing in 2014 are subject to mandatory redemption in part by lot on November 1 in each year commencing November 1, 2009 through maturity, from sinking fund payments, in the amounts of \$4,100,000 to \$5,355,000. The outstanding Term Bonds maturing in 2020 are subject to mandatory redemption in part by lot on November 1 in each year commencing November 1, 2015 through maturity, from sinking fund payments, in the amounts of \$5,645,000 to \$7,810,000. The outstanding Term Bonds maturing in 2023 are subject to mandatory redemption in part by lot on November 1 in each year commencing November 1, 2021 through maturity, from sinking fund payments, in the amounts of \$8,175,000 to \$9,010,000. If some of the Term Bonds are

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CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

called for early redemption as described above, the total amount of future sinking fund payments will be reduced by the principal amount of Term Bonds so redeemed, to be allocated among the sinking fund payments, on a pro rata basis.

The 1993 Bonds are secured by Pledged Tax Revenues. A fiscal agent is required to maintain the Debt Service Funds into which Pledged Tax Revenues are deposited. A minimum balance equal to the maximum annual debt service must be maintained in a Reserve Fund, to be funded by the Debt Service Fund, if necessary. All tax revenues other than Pledged Tax Revenues may be kept by the Agency.

(e) Allocation of 1989 and 1993 Revenue Bonds by Project Area

The portion of the Series A and Series B allocable to and secured by the Pledged Tax Revenues of only that Project Area at June 30, 1998 is as follows:

Project area	1989		1993 Bonds	Total
	Series A Bonds	Series B Bonds		
Slauson-Sepulveda Redevelopment Project No. 1	\$ 4,325,000	8,000,000	47,355,000	59,680,000
Overland-Jefferson Redevelopment Project No. 2	6,289,396	—	13,240,000	19,529,396
Washington-Culver Redevelopment Project No. 3	1,704,918	5,000,000	63,280,000	69,984,918
Total revenue bonds out- standing	\$ 12,319,314	13,000,000	123,875,000	149,194,314

Annual debt service requirements to maturity for all nondefeased bonded indebtedness outstanding as of June 30, 1998 is as follows:

	Principal	Interest	Total
Year ending June 30:			
1999	\$ 2,670,000	7,725,990	10,395,990
2000	2,820,000	7,575,285	10,395,285
2001	2,975,000	7,411,944	10,386,944
2002	3,145,000	7,235,740	10,380,740
2003	3,475,096	7,451,447	10,926,543
Thereafter	134,109,218	81,136,485	215,245,703
	\$ 149,194,314	118,536,891	267,731,205

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

(f) *Loan Payable to the City of Culver City*

During fiscal year 1993/94, the City advanced funds to the Agency to purchase the Southern Pacific/Culver Boulevard right-of-way. The amount advanced on behalf of the Agency was \$1,555,205, of which \$975,000 was repaid within one year of the loan origination date. The balance of the loan was originally expected to be repaid within the current period and was recorded as due to the City in the Washington-Culver Project Area No. 3 Capital Projects Fund. During fiscal year 1997/98, the City and Agency determined that the advance would not be repaid during the current period, and accordingly, the loan payable was moved to the general long-term debt account group. The loan is non-interest bearing and will be repaid when funds are available in the Washington-Culver Project Area No. 3 Capital Projects Fund.

(6) *Prior-Year Defeasance of Debt*

The Agency has refunded certain bonded debt issued in prior years. Such debt is considered fully defeased by virtue of the creation of irrevocable escrow funds placed with independent fiscal agents in amounts sufficient to pay the principal, accrued interest and early redemption premiums on such debt as it becomes due. Accordingly, such debt is no longer carried on the books of the Agency.

Debt outstanding, which is considered defeased at June 30, 1998, consists of the following:

<u>Debt issue</u>	<u>Amount outstanding at June 30, 1998</u>
Series A 1989 Revenue Bonds	\$ 68,445,000
Series B 1989 Revenue Bonds	<u>27,000,000</u>
	<u>\$ 95,445,000</u>

(7) *Retirement Plan*

The Agency has no employees and utilizes the staff of the City of Culver City. Such staff personnel are members of the California Public Employees' Retirement System (CalPERS) into which the City and its employees contribute.

Specific attribution of the Agency's retirement obligation is not possible. Reference is made to the notes to the general purpose financial statements in the Comprehensive Annual Financial Report of the City of Culver City for a detailed discussion of the status of the City's retirement plan and funding capabilities.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

(8) Commitments and Contingencies

(a) Self-Insurance

The Agency indirectly reimburses the City for unemployment and workers' compensation insurance costs incurred. For purposes of general liability, the Agency is self-insured up to \$1,000,000 and participates through the City in the Independent Cities Risk Management Authority (ICRMA) for amounts in excess of the self-insurance retention. Reference is made to the City's Comprehensive Annual Financial Report for additional information concerning the City's self-insurance program.

(b) Claims and Litigation

The Agency is involved in litigation arising in the normal course of business. In the opinion of the Agency's counsel and management, this litigation will not have a material adverse effect on the financial condition of the Agency.

(c) Year 2000 Issue

The potential computer problems arising with the coming of the Year 2000 (Y2K) have been widely publicized. Like other businesses and governmental organizations that rely heavily on the use of computer technology to conduct daily operations, the Agency may be subject to the potential effects of computer failures or malfunction on or after January 1, 2000. The Y2K issue arises because most computer programs that have date-sensitive features may recognize a date using "00" as the year 1900 rather than 2000. This could result in a system failure or miscalculations causing disruption of operations. The staff of the Agency and the City of Culver City have been evaluating which computerized applications and hardware are prone to Y2K problems. A comprehensive assessment of computerized and operational systems that could be affected by Y2K problems has been conducted. Both internal and external resources have been utilized to identify potential problem areas, implement corrective action, test the corrected applications or systems for Y2K compliance and develop contingency plans to deal with any Y2K problems which may arise.

Y2K mitigation costs to date for the Agency have been minimal and the estimated cost of future Y2K efforts has been determined to be approximately \$100,000. Costs are expensed as incurred unless such efforts involve the replacement of capital assets and management does not expect the efforts to respond to potential Y2K problems to have a material effect on the Agency's financial position or results of operations. Despite the efforts of the City and the Agency, there can be no assurance that the systems or products of other companies or organizations on which the Agency relies will be timely converted or that any such failure to convert by the vendor, customer or organization would not have an adverse effect on the Agency's systems or operations.

(d) Commitments

At June 30, 1998, the Agency had approximately \$4,533,000 in commitments for construction, relocation, professional services and other costs related to the implementation of its redevelopment plans.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 1998

(9) Low and Moderate Income Housing

The California Health and Safety Code Section 33334.2 requires a redevelopment agency to use at least 20% of tax increment revenues generated by a redevelopment project area to increase the supply of low- and moderate-income housing in the community. The Agency has elected, under applicable law, to defer a portion of payments of the housing set-aside in Project Areas 1, 2 and 3 due to existing obligations and previously approved programs, projects and activities. In fiscal year 1998, the Agency was required to and did set aside 20% of its tax increment funds approximating \$3.3 million into a fund for low- and moderate-income housing.

Assembly Bill 2080, enacted in September 1989, sets forth certain accounting and funding requirements for these set-aside monies. Under the bill, the Agency is required to fund the housing set aside in subsequent years in accordance with a plan, to be determined by the Agency in accordance with state law. For fiscal years 1985 through 1989, deferred housing set-aside amounts total \$6,679,466, which are to be funded by a plan established by the Agency to the extent required by state law. For fiscal years 1990 through 1998, housing set-aside requirements of \$16,668,615 are to be funded pursuant to a plan adopted by the Agency under applicable state law. From the 1989 bond issuance, proceeds of \$5,301,243 were transferred to the Low and Moderate Income Expendable Trust Funds for Project Areas 1 and 3.

(10) Land Held For Resale

As part of its ongoing redevelopment activities, the Agency has purchased land parcels in each of the project areas. Such parcels are held for resale to developers in accordance with the terms of specific Disposition and Development Agreements (DDAs). Land parcels are carried at the lower of cost or net realizable value determined based on such DDAs. Fund balance in each project area is reserved in an amount equal to the land held for resale as such assets do not reflect available spendable resources.

During the year ended June 30, 1998, the Agency purchased one parcel for \$3,650,000 and sold one parcel originally purchased for approximately \$64,000 located within the Washington – Culver Project Area No. 3.

A summary of land held for resale by project area at June 30, 1998 is as follows:

<u>Project Area</u>	<u>Balance</u>	<u>Number of land parcels</u>
Slauson – Sepulveda Project No. 1	\$ 1,519,651	2
Overland – Jefferson Project No. 2	8,828,676	5
Washington – Culver Project No. 3	24,171,227	45
	<u>\$ 34,519,554</u>	<u>52</u>

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SUPPLEMENTARY INFORMATION

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Combining Balance Sheet – All Debt Service Funds

June 30, 1998

with comparative totals for June 30, 1997

	Slauson – Sepulveda Project No. 1	Overland – Jefferson Project No. 2
Assets		
Cash and investments held by fiscal agent	\$ 6,144,059	2,392,174
Total assets	<u>\$ 6,144,059</u>	<u>2,392,174</u>
Liabilities and Fund Balances		
Accounts payable	\$ 102	102
Fund balances – reserved for debt service	6,143,957	2,392,072
Total liabilities and fund balances	<u>\$ 6,144,059</u>	<u>2,392,174</u>

See accompanying independent auditors' report.

Washington - Culver Project No. 3	Total	
	1998	1997
8,555,232	17,091,465	17,567,794
8,555,232	17,091,465	17,567,794
3,717	3,921	—
8,551,515	17,087,544	17,567,794
8,555,232	17,091,465	17,567,794

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances – All Debt Service Funds

Year ended June 30, 1998
with comparative totals for June 30, 1997

	Slauson – Sepulveda Project No. 1	Overland – Jefferson Project No. 2
Revenues – use of money and property	\$ 344,423	110,535
Expenditures – debt service:		
Bond principal	915,000	360,000
Interest and fiscal charges	3,254,480	1,037,225
Total expenditures	4,169,480	1,397,225
Deficiency of revenues over expenditures	(3,825,057)	(1,286,690)
Other financing sources (uses):		
Operating transfers in	3,872,208	1,421,069
Operating transfers out	(81,382)	(250,487)
Total other financing sources (uses)	3,790,826	1,170,582
Excess (deficiency) of revenues and other sources over expenditures and other uses	(34,231)	(116,108)
Fund balances, July 1, 1997	6,178,188	2,508,180
Fund balances, June 30, 1998	\$ 6,143,957	2,392,072

See accompanying independent auditors' report.

Washington – Culver Project No. 3	Total	
	1998	1997
454,416	909,374	952,537
1,260,000	2,535,000	2,410,000
3,573,785	7,865,490	8,023,609
4,833,785	10,400,490	10,433,609
(4,379,369)	(9,491,116)	(9,481,072)
4,845,361	10,138,638	12,101,213
(795,903)	(1,127,772)	—
4,049,458	9,010,866	12,101,213
(329,911)	(480,250)	2,620,141
8,881,426	17,567,794	14,947,653
8,551,515	17,087,544	17,567,794

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual -
All Debt Service Funds

June 30, 1998
with comparative totals for June 30, 1997

	Slauson - Sepulveda Project No. 1			Overland - Jefferson Project No. 2		
	Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)	Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)
Revenues - use of money and property	\$ —	344,423	344,423	—	110,535	110,535
Expenditures - debt service:						
Bond principal	915,000	915,000	—	360,000	360,000	—
Interest and fiscal charges	3,266,280	3,254,480	11,800	1,047,025	1,037,225	9,800
Total expenditures	4,181,280	4,169,480	11,800	1,407,025	1,397,225	9,800
Excess (deficiency) of revenues over expenditures	(4,181,280)	(3,825,057)	356,223	(1,407,025)	(1,286,690)	120,335
Other financing sources (uses):						
Operating transfers in	4,200,000	3,872,208	(327,792)	1,407,000	1,421,069	14,069
Operating transfers out	—	(81,382)	(81,382)	—	(250,487)	(250,487)
Total other financing sources	4,200,000	3,790,826	(409,174)	1,407,000	1,170,582	(236,418)
Excess (deficiency) of revenues and other sources over expenditures and other uses	18,720	(34,231)	(52,951)	(25)	(116,108)	(116,083)
Fund balances, June 30, 1997	6,178,188	6,178,188	—	2,508,180	2,508,180	—
Fund balances, June 30, 1998	\$ 6,196,908	6,143,957	(52,951)	2,508,155	2,392,072	(116,083)

See accompanying independent auditors' report.

Exhibit A

Washington – Culver Project No. 3			Totals		
Budget	Actual (budgetary basis)	Variance – favorable (unfavorable)	Budget	Actual (budgetary basis)	Variance – favorable (unfavorable)
—	454,416	454,416	—	909,374	909,374
1,260,000	1,260,000	—	2,535,000	2,535,000	—
3,585,885	3,573,785	12,100	7,899,190	7,865,490	33,700
4,845,885	4,833,785	12,100	10,434,190	10,400,490	33,700
(4,845,885)	(4,379,369)	466,516	(10,434,190)	(9,491,116)	943,074
4,861,000	4,845,361	(15,639)	10,468,000	10,138,638	(329,362)
—	(795,903)	(795,903)	—	(1,127,772)	(1,127,772)
4,861,000	4,049,458	(811,542)	10,468,000	9,010,866	(1,457,134)
15,115	(329,911)	(345,026)	33,810	(480,250)	(514,060)
8,881,426	8,881,426	—	17,567,794	17,567,794	—
8,896,541	8,551,515	(345,026)	17,601,604	17,087,544	(514,060)

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Combining Balance Sheet – All Capital Projects Funds

June 30, 1998

with comparative totals for June 30, 1997

		Slauson – Sepulveda Project No. 1	Overland – Jefferson Project No. 2
Assets			
Cash and investments	\$	16,939,154	1,815,951
Accrued interest receivable		223,097	39,312
Taxes receivable		384,767	173,122
Due from the City of Culver City		—	1,750
Notes receivable		2,149,930	—
Land held for resale		1,519,651	8,828,676
Total assets	\$	<u>21,216,599</u>	<u>10,858,811</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$	673,680	328,968
Deposits payable		617,825	170,737
Amounts due to the City of Culver City		166,580	154,842
Total liabilities		<u>1,458,085</u>	<u>654,547</u>
Fund balances:			
Reserved for land held for resale		1,519,651	8,828,676
Reserve for long-term receivables		2,149,930	—
Reserved for encumbrances		2,420,838	789,731
Designated for capital projects		13,668,095	585,857
Total fund balances		<u>19,758,514</u>	<u>10,204,264</u>
Total liabilities and fund balances	\$	<u>21,216,599</u>	<u>10,858,811</u>

See accompanying independent auditors' report.

Washington – Culver Project No. 3	Totals	
	1998	1997
9,405,593	28,160,698	37,147,658
116,140	378,549	506,665
506,542	1,064,431	1,053,735
26,617	28,367	33,380
—	2,149,930	2,158,465
24,171,227	34,519,554	35,906,561
<u>34,226,119</u>	<u>66,301,529</u>	<u>76,806,464</u>
79,246	1,081,894	2,557,423
42,323	830,885	2,160,811
1,575,302	1,896,724	580,205
<u>1,696,871</u>	<u>3,809,503</u>	<u>5,298,439</u>
24,171,227	34,519,554	35,906,561
—	2,149,930	2,158,465
1,140,507	4,351,076	5,499,752
7,217,514	21,471,466	27,943,247
<u>32,529,248</u>	<u>62,492,026</u>	<u>71,508,025</u>
<u>34,226,119</u>	<u>66,301,529</u>	<u>76,806,464</u>

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances – All Capital Projects Funds

Year ended June 30, 1998
with comparative totals for June 30, 1997

	Slauson – Sepulveda Project No. 1	Overland – Jefferson Project No. 2
Revenues:		
Property taxes	\$ 4,930,730	1,575,558
Intergovernmental	—	371,978
Use of money and property	1,037,672	175,584
Reimbursements from City of Culver City	—	—
Miscellaneous	3,470	25,000
Total revenues	<u>5,971,872</u>	<u>2,148,120</u>
Expenditures – current:		
Project improvements	2,874,007	6,450,219
Professional services	227,144	395,369
Administration and project implementation	1,393,789	1,129,682
Intergovernmental	96,464	786,206
Total expenditures	<u>4,591,404</u>	<u>8,761,476</u>
Excess (deficiency) of revenues over expenditures	<u>1,380,468</u>	<u>(6,613,356)</u>
Other financing sources (uses):		
Operating transfers in	154,653	252,223
Operating transfers out	(3,872,008)	(1,403,566)
Reclassification of amounts due to the City of Culver City to loan payable to the City of Culver City	—	—
Total other financing sources (uses)	<u>(3,717,355)</u>	<u>(1,151,343)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(2,336,887)</u>	<u>(7,764,699)</u>
Fund balances, July 1, 1997	<u>22,095,401</u>	<u>17,968,963</u>
Fund balances, June 30, 1998	<u>\$ 19,758,514</u>	<u>10,204,264</u>

See accompanying independent auditors' report.

Washington -- Culver Project No. 3	Totals	
	1998	1997
7,322,566	13,828,854	11,199,740
—	371,978	—
859,728	2,072,984	2,208,769
—	—	6,940,335
285,596	314,066	70,227
8,467,890	16,587,882	20,419,071
2,262,103	11,586,329	2,722,297
187,658	810,171	877,297
1,310,050	3,833,521	3,992,426
180,996	1,063,666	1,106,860
3,940,807	17,293,687	8,698,880
4,527,083	(705,805)	11,720,191
823,660	1,230,536	7,393,396
(4,845,361)	(10,120,935)	(19,825,069)
580,205	580,205	—
(3,441,496)	(8,310,194)	(12,431,673)
1,085,587	(9,015,999)	(711,482)
31,443,661	71,508,025	72,219,507
32,529,248	62,492,026	71,508,025

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual (Budgetary Basis) -
All Capital Projects Funds

Year ended June 30, 1998
with comparative totals for June 30, 1997

	Slauson - Sepulveda Project No. 1			Overland - Jefferson Project No. 2		
	Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)	Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)
Revenues:						
Property taxes	\$ 4,149,000	4,930,730	781,730	3,206,000	1,575,558	(1,630,442)
Intergovernmental	—	—	—	—	371,978	371,978
Use of money and property	950,000	1,037,672	87,672	7,602,480	175,584	(7,426,896)
Reimbursements from City of Culver City	—	—	—	—	—	—
Miscellaneous	—	3,470	3,470	5,000	25,000	20,000
Total revenues	5,099,000	5,971,872	872,872	10,813,480	2,148,120	(8,665,360)
Expenditures - current:						
Project improvements	5,997,649	2,874,007	3,123,642	1,556,850	6,450,219	(4,893,369)
Professional services	925,434	227,144	698,290	638,534	395,369	243,165
Administration and project implementation	2,751,796	1,393,789	1,358,007	1,198,817	1,129,682	69,135
Intergovernmental	84,000	96,464	(12,464)	860,000	786,206	73,794
Total expenditures	9,758,879	4,591,404	5,167,475	4,254,201	8,761,476	(4,507,275)
Excess (deficiency) of revenues over expenditures	(4,659,879)	1,380,468	6,040,347	6,559,279	(6,613,356)	(13,172,635)
Other financing sources (uses):						
Operating transfers in	—	154,653	154,653	—	252,223	252,223
Operating transfers out	(1,124,350)	(3,872,008)	(2,747,658)	(3,812,350)	(1,403,566)	2,408,784
Reclassification of amounts due to the City of Culver City to loan payable to the City of Culver City	—	—	—	—	—	—
Total other financing sources (uses)	(1,124,350)	(3,717,355)	(2,593,005)	(3,812,350)	(1,151,343)	2,661,007
Excess (deficiency) of revenues and other sources over expen- ditures and other uses	(5,784,229)	(2,336,887)	3,447,342	2,746,929	(7,764,699)	(10,511,628)
Fund balances, July 1, 1997	22,095,401	22,095,401	—	17,968,963	17,968,963	—
Fund balances, June 30, 1998	\$ 16,311,172	19,758,514	3,447,342	20,715,892	10,204,264	(10,511,628)

See accompanying independent auditors' report.

Exhibit A

Washington - Culver Project No. 3			Totals		
Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)	Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)
6,665,000	7,322,566	657,566	14,020,000	13,828,854	(191,146)
3,297,516	859,728	(2,437,788)	11,849,996	371,978	371,978
1,204,000	285,596	(918,404)	1,209,000	2,072,984	(9,777,012)
11,166,516	8,467,890	(2,698,626)	27,078,996	314,066	(894,934)
				16,587,882	(10,491,114)
9,689,660	5,912,103	3,777,557	17,244,159	15,236,329	2,007,830
685,291	187,658	497,633	2,249,259	810,171	1,439,088
1,275,006	1,310,050	(35,044)	5,225,619	3,833,521	1,392,098
165,000	180,996	(15,996)	1,109,000	1,063,666	45,334
11,814,957	7,590,807	4,224,150	25,828,037	20,943,687	4,884,350
(648,441)	877,083	1,525,524	1,250,959	(4,355,805)	(5,606,764)
—	823,660	823,660	—	1,230,536	1,230,536
(6,996,349)	(4,845,361)	2,150,988	(11,933,049)	(10,120,935)	1,812,114
—	580,205	580,205	—	580,205	580,205
(6,996,349)	(3,441,496)	3,554,853	(11,933,049)	(8,310,194)	3,622,855
(7,644,790)	(2,564,413)	5,080,377	(10,682,090)	(12,665,999)	(1,983,909)
31,443,661	31,443,661	—	71,508,025	71,508,025	—
23,798,871	28,879,248	5,080,377	60,825,935	58,842,026	(1,983,909)

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Combining Balance Sheet – Expendable Trust Funds
(Low/Moderate Income Housing Funds)

June 30, 1998
with comparative totals for June 30, 1997

		Slauson – Sepulveda Project No. 1	Overland – Jefferson Project No. 2
Assets			
Cash and investments	\$	605,920	911,504
Accrued interest receivable		32,681	—
Accrued property taxes		—	43,281
Loans receivable, net of allowance for uncollectible loans		1,114,687	431,165
Total assets	\$	<u>1,753,288</u>	<u>1,385,950</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$	926	2,690
Due to the City of Culver City		—	—
Total liabilities		<u>926</u>	<u>2,690</u>
Fund balances:			
Reserved for low- and moderate-income housing		469,675	952,095
Reserved for long-term receivables		1,114,687	431,165
Reserved for encumbrances		168,000	—
Total fund balances		<u>1,752,362</u>	<u>1,383,260</u>
Total liabilities and fund balances	\$	<u>1,753,288</u>	<u>1,385,950</u>

See accompanying independent auditors' report.

Washington – Culver Project No. 3	Totals	
	1998	1997
1,723,568	3,240,992	2,393,944
19,076	51,757	49,363
126,636	169,917	263,434
499,046	2,044,898	1,961,230
<u>2,368,326</u>	<u>5,507,564</u>	<u>4,667,971</u>
31,622	35,238	110,950
80,066	80,066	—
<u>111,688</u>	<u>115,304</u>	<u>110,950</u>
1,756,270	3,178,040	1,765,886
499,046	2,044,898	1,961,230
1,322	169,322	829,905
<u>2,256,638</u>	<u>5,392,260</u>	<u>4,557,021</u>
<u>2,368,326</u>	<u>5,507,564</u>	<u>4,667,971</u>

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – All Expendable Trust Funds
(Low/Moderate Income Housing Funds)

Year ended June 30, 1998
with comparative totals for June 30, 1997

	Slauson – Sepulveda Project No. 1	Overland – Jefferson Project No. 2
Revenues:		
Property taxes	\$ —	1,545,597
Use of money and property	41	24,979
Miscellaneous	—	—
Total revenues	<u>41</u>	<u>1,570,576</u>
Expenditures – current:		
Project improvements	601,616	432,873
Professional services	—	31,719
Administration and project implementation	118,631	355,030
Intergovernmental	28,341	—
Total expenditures	<u>748,588</u>	<u>819,622</u>
Excess (deficiency) of revenues over expenditures	<u>(748,547)</u>	<u>750,954</u>
Other financing sources (uses):		
Operating transfers in	—	—
Operating transfers out	(90,773)	(1,736)
Total other financing sources (uses)	<u>(90,773)</u>	<u>(1,736)</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>(839,320)</u>	<u>749,218</u>
Fund balances, July 1, 1997	<u>2,591,682</u>	<u>634,042</u>
Fund balances, June 30, 1998	<u>\$ 1,752,362</u>	<u>1,383,260</u>

See accompanying independent auditors' report.

Washington – Culver Project No. 3	Totals	
	1998	1997
1,713,054	3,258,651	2,715,975
69,106	94,126	149,173
600	600	—
<u>1,782,760</u>	<u>3,353,377</u>	<u>2,865,148</u>
352,940	1,387,429	1,652,903
66,122	97,841	41,664
132,058	605,719	1,151,162
278,341	306,682	556,683
<u>829,461</u>	<u>2,397,671</u>	<u>3,402,412</u>
<u>953,299</u>	<u>955,706</u>	<u>(537,264)</u>
—	—	330,460
<u>(27,958)</u>	<u>(120,467)</u>	<u>—</u>
<u>(27,958)</u>	<u>(120,467)</u>	<u>330,460</u>
925,341	835,239	(206,804)
<u>1,331,297</u>	<u>4,557,021</u>	<u>4,763,825</u>
<u>2,256,638</u>	<u>5,392,260</u>	<u>4,557,021</u>

Exhibit A

CULVER CITY REDEVELOPMENT AGENCY

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual (Budgetary Basis) -
All Expendable Trust Funds

Year ended June 30, 1998
with comparative totals for June 30, 1997

	Slauson - Sepulveda Project No. 1			Overland - Jefferson Project No. 2		
	Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)	Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)
Revenues:						
Property taxes	\$ —	—	—	—	1,545,597	1,545,597
Use of money and property	—	41	41	—	24,979	24,979
Miscellaneous	—	—	—	—	—	—
Total revenues	—	41	41	—	1,570,576	1,570,576
Expenditures - current:						
Project improvements	301,210	601,616	(300,406)	874,864	432,873	441,991
Professional services	—	—	—	12,000	31,719	(19,719)
Administration and project implementation	147,593	118,631	28,962	290,071	355,030	(64,959)
Intergovernmental	29,000	28,341	659	—	—	—
Total expenditures	477,803	748,588	(270,785)	1,176,935	819,622	357,313
Excess (deficiency) of revenues over expenditures	(477,803)	(748,547)	(270,744)	(1,176,935)	750,954	1,927,889
Other financing sources (uses):						
Operating transfers in	—	—	—	1,281,000	—	(1,281,000)
Operating transfers out	—	(90,773)	(90,773)	—	(1,736)	(1,736)
Total other financing uses	—	(90,773)	(90,773)	1,281,000	(1,736)	(1,282,736)
Excess (deficiency) of revenues and other sources over expenditures	(477,803)	(839,320)	(361,517)	104,065	749,218	645,153
Fund balances, July 1, 1997	2,591,682	2,591,682	—	634,042	634,042	—
Fund balances, June 30, 1998	\$ 2,113,879	1,752,362	(361,517)	738,107	1,383,260	645,153

See accompanying independent auditors' report.

Exhibit A

Washington - Culver Project No. 3			Totals		
Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)	Budget	Actual (budgetary basis)	Variance - favorable (unfavorable)
—	1,713,054	1,713,054	—	3,258,651	3,258,651
—	69,106	69,106	—	94,126	94,126
—	600	600	—	600	600
—	1,782,760	1,782,760	—	3,353,377	3,353,377
1,459,598	522,108	937,490	2,635,672	1,556,597	1,079,075
30,000	66,122	(36,122)	42,000	97,841	(55,841)
193,545	132,058	61,487	631,209	605,719	25,490
30,000	278,341	(248,341)	59,000	306,682	(247,682)
1,713,143	998,629	714,514	3,367,881	2,566,839	801,042
(1,713,143)	784,131	2,497,274	(3,367,881)	786,538	4,154,419
1,011,000	—	(1,011,000)	2,292,000	—	(2,292,000)
—	(27,958)	(27,958)	—	(120,467)	(120,467)
1,011,000	(27,958)	(1,038,958)	2,292,000	(120,467)	(2,412,467)
(702,143)	756,173	1,458,316	(1,075,881)	666,071	1,741,952
1,331,297	1,331,297	—	4,557,021	4,557,021	—
629,154	2,087,470	1,458,316	3,481,140	5,223,092	1,741,952

725 South Figueroa Street
Los Angeles, CA 90017

Independent Auditor's Report on Compliance

The Board of Directors of the
Culver City Redevelopment Agency:

We have audited the accompanying general purpose financial statements of the Culver City Redevelopment Agency (a component unit of the City of Culver City) (Agency) as of and for the year ended June 30, 1998 and have issued our report thereon, dated October 2, 1998. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Agency is the responsibility of the Agency's management. As part of obtaining reasonable assurance about whether the Agency's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations contained in the Guidelines for Compliance Audits of California Redevelopment Agencies issued by the State Controller's Office, Division of Local Government Fiscal Affairs.

The results of our tests indicated that, with respect to the items tested, the Culver City Redevelopment Agency complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Culver City Redevelopment Agency had not complied, in all material respects, with those provisions.

This report is intended solely for the information of the Board of Directors and management of the Agency and the State Controller's Office and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG Peat Marwick LLP

October 2, 1998

APPENDIX D

FORM OF BOND COUNSEL OPINIONS

October 13, 1999

Culver City Redevelopment Agency
9770 Culver Boulevard
Culver City, California 90232-0570

Opinion of Bond Counsel

with reference to

\$31,940,000

Culver City Redevelopment Agency
Tax Allocation Refunding Bonds, 1999 Series A
(Culver City Redevelopment Project)

Members of the Agency:

We have examined the law and original documents or copies certified or otherwise identified to our satisfaction of proceedings taken in connection with the issuance of the above-referenced bonds (the "Bonds") of the Culver City Redevelopment Agency (the "Agency"). We have also examined supplemental documents furnished to us and have obtained such certificates and documents from public officials and others as we have deemed necessary for the purpose of this opinion.

As to questions of fact material to our opinion we have relied upon such certificates and documents without undertaking to verify the same by independent investigation. The Bonds are issued under and pursuant to Part 1 of Division 24 of the California Health and Safety Code and pursuant to an Indenture dated as of October 1, 1999, by and between the Agency and U.S. Bank Trust National Association as Trustee (the "Indenture").

From such examination, we are of the opinion that under existing law:

1. The Bonds are valid and binding special obligations of the Agency, payable solely from Tax Revenues (as defined in the Indenture) and certain other funds as provided in the Indenture.
2. Interest on the Bonds is exempt from State of California personal income taxes.
3. Assuming compliance with the covenants described below, interest on the Bonds is excluded from gross income for Federal income tax purposes. The Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Internal Revenue

Code of 1986, as amended (the "Code") and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. However, we note a portion of the interest on Bonds owned by corporations may be subject to the Federal alternative minimum tax, which is based in part on adjusted current earnings.

If the stated redemption price at maturity of a Bond is greater than the issue price of such Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public), the difference 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 deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner 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 (as described in paragraph 3 above), and is exempt from State of California personal income taxes.

The Code sets forth certain requirements which must be met subsequent to the issuance of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issue of the Bonds. The Agency has covenanted in the Indenture to satisfy, or take such actions as may be necessary to cause to be satisfied, each provision of the Code necessary to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

Certain requirements and procedures contained or referred to in the Indenture may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth therein, upon the advice or with the approving opinion of nationally recognized bond counsel, and no opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of any counsel other than ourselves.

Except as stated in the foregoing paragraphs numbered 2 and 3 and three paragraphs immediately following paragraph 3, we express no opinion as to any Federal or state tax consequences of the ownership or disposition of the Bonds.

The opinions expressed herein are based on an analysis of existing law and cover certain matters not directly addressed thereby. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in such documents. Furthermore, we have assumed compliance with all agreements and covenants contained in the Indenture.

In addition, we call attention to the fact that the rights of the registered owners of the Bonds and the enforceability of such rights may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or

Exhibit A

hereafter enacted and enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

Exhibit A

October 13, 1999

Culver City Redevelopment Agency
9970 Culver Boulevard
Culver City, California 90232-0570

Opinion of Bond Counsel

with reference to

\$19,535,000

Culver City Redevelopment Agency
Subordinate Tax Allocation Refunding Bonds, 1999 Series B
(Culver City Redevelopment Project)

Members of the Agency:

We have examined the law and original documents or copies certified or otherwise identified to our satisfaction of proceedings taken in connection with the issuance of the above-referenced bonds (the "Bonds") of the Culver City Redevelopment Agency (the "Agency"). We have also examined supplemental documents furnished to us and have obtained such certificates and documents from public officials and others as we have deemed necessary for the purpose of this opinion.

As to questions of fact material to our opinion we have relied upon such certificates and documents without undertaking to verify the same by independent investigation. The Bonds are issued under and pursuant to Part 1 of Division 24 of the California Health and Safety Code and pursuant to an Indenture dated as of October 1, 1999, by and between the Agency and U.S. Bank Trust National Association as Trustee (the "Indenture").

From such examination, we are of the opinion that under existing law:

1. The Bonds are valid and binding special obligations of the Agency, payable solely from Surplus Tax Revenues (as defined in the Indenture) and certain other funds as provided in the Indenture.
2. Interest on the Bonds is exempt from State of California personal income taxes.
3. Assuming compliance with the covenants described below, interest on the Bonds is excluded from gross income for Federal income tax purposes. The Bonds are not

"specified private activity bonds" within the meaning of Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code") and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. However, we note a portion of the interest on Bonds owned by corporations may be subject to the Federal alternative minimum tax, which is based in part on adjusted current earnings.

If the stated redemption price at maturity of a Bond is greater than the issue price of such Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public), the difference 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 deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner 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 (as described in paragraph 3 above), and is exempt from State of California personal income taxes.

The Code sets forth certain requirements which must be met subsequent to the issuance of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issue of the Bonds. The Agency has covenanted in the Indenture to satisfy, or take such actions as may be necessary to cause to be satisfied, each provision of the Code necessary to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

Certain requirements and procedures contained or referred to in the Indenture may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth therein, upon the advice or with the approving opinion of nationally recognized bond counsel, and no opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of any counsel other than ourselves.

Except as stated in the foregoing paragraphs numbered 2 and 3 and three paragraphs immediately following paragraph 3, we express no opinion as to any Federal or state tax consequences of the ownership or disposition of the Bonds.

The opinions expressed herein are based on an analysis of existing law and cover certain matters not directly addressed thereby. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in such documents. Furthermore, we have assumed compliance with all agreements and covenants contained in the Indenture.

In addition, we call attention to the fact that the rights of the registered owners of the Bonds and the enforceability of such rights may be subject to bankruptcy, insolvency,

Exhibit A

reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the Culver City Redevelopment Agency (the "Agency") and U.S. Bank Trust National Association, as Trustee (the "Trustee") and in its capacity as Dissemination Agent in connection with the issuance of Culver City Redevelopment Agency Tax Allocation Refunding Bonds, 1999 Series A (Culver City Redevelopment Project) (the "Series A Bonds") and Culver City Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, 1999 Series B (Culver City Redevelopment Project) (the "Series B Bonds" and , collectively with the Series A Bonds, the "Bonds"). The Series A Bonds and the Series B Bonds are being issued pursuant to two separate indentures (respectively, the "Series A Indenture" and the "Series B Indenture" and collectively, the "Indentures"), each dated as of October 1, 1999, between the Agency and U.S. Bank Trust National Association. The Agency and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency and the Trustee and Dissemination Agent for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below).

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

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

"Disclosure Representative" shall mean the Executive Director of the Agency or his designee, or such other person as the Agency shall designate in writing to the Trustee and Dissemination Agent from time to time.

"Dissemination Agent" shall mean U.S. Bank Trust National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Agency and which has filed with 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. Currently, the following are National Repositories:

Bloomberg Municipal Repositories

Exhibit A

P.O. Box 840
Princeton, NJ 08542-0840
Phone: (609) 279-3200
Fax: (609) 279-5962
E-mail: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

Kenny Information Systems, Inc.
Attn: Kenny Repository Service
65 Broadway, 16th Floor
New York, NY 10006
Phone: (212) 770-4595
Fax: (212) 797-7994

Thomason NRMSIR
Attn: Municipal Disclosure
395 Hudson Street, 3rd Floor
New York, NY 10014
Phone: (212) 807-5001 or (800) 689-8466
Fax: (212) 989-2078
E-mail: Disclosure@Muller.com

"Official Statement" shall mean the final Official Statement with respect to the Bonds.

"Owners" shall mean the registered owners of the Bonds or, if the Bonds are registered in the name of a depository, the beneficial owners of the Bonds.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the 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.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Agency shall, or upon written direction shall cause the Dissemination Agent to, not later than March 31 of each 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, the Research Department of Stone and Youngberg LLC ("Stone & Youngberg") and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-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. The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Agency hereunder. The Dissemination Agent and Trustee may conclusively rely upon such certification of the Agency.

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

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) 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 Annual Report has been furnished to the Dissemination Agent, file a report with the Agency, the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided 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:

(i) the audited financial statements of the Agency, prepared in accordance with generally accepted accounting principles in effect from time to time. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) An update of the information set forth in the Official Statement in Tables 3, 4 and 5.

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 incorporated 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 incorporated by reference.

SECTION 5. Reporting of Material Events.

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

- 1) principal and interest payment delinquencies;
- 2) non-payment related defaults;
- 3) unscheduled draws on debt service reserves reflecting financial difficulties;
- 4) unscheduled draws on credit enhancements reflecting financial difficulties;
- 5) substitution of credit or liquidity providers, or their failure to perform; and
- 6) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds;
- 7) modifications to rights of security holders;
- 8) unscheduled bond calls;
- 9) defeasances;
- 10) release, substitution or sale of property securing repayment of the securities; and
- 11) rating changes.

(b) The Trustee shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Agency promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f) and promptly notify the Trustee in writing

whether or not to report the event to the Owners (unless notice to the Owners is required by the Indentures). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Events shall mean actual knowledge by the officer at the Trust Office of the Trustee with regular responsibility for the administration of the Indentures.

(c) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Agency shall as soon as reasonably possible determine if such event is material under applicable federal securities laws.

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

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

(f) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository, with a copy to the Agency. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Owners of affected Bonds pursuant to the Indentures.

SECTION 6. Termination of Reporting Obligation. The obligations of the Agency, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds; provided that the obligations of the Trustee and Dissemination Agent hereunder shall also terminate upon the resignation or removal of such Trustee or Dissemination Agent.

SECTION 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank Trust National Association.

The Dissemination Agent may resign on the same basis as provided in Section 7.01 of each Indenture for the resignation of the Trustee.

SECTION 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Agency and the Trustee and Dissemination Agent may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Agency provided that neither the Trustee nor the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder) only if:

(a) the amendment is 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 the Agency, or type of business conducted;

(b) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) the amendment does not materially impair the interests of Owners, as determined by parties unaffiliated with the Agency (such as, but without limitation, the Agency's bond counsel) or by Owners' consent pursuant to Section 8.01 of each Indenture; and

(d) the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the "impact" (as that word is used in the letter from the staff of the Securities and Exchange Commission to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Agency shall have no obligation under this 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, the Trustee shall, at the written direction of any Participating Underwriter or the Owners of a majority in aggregate principal amount of Outstanding Bonds (but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys), or any Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or Trustee, as the case may be, 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 Indentures, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VII of each of the Indentures is hereby made applicable to this Disclosure Agreement for the benefit of the Trustee and Dissemination Agent as if this Disclosure Agreement were (solely for this purpose) contained in such Indenture. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Trustee and Dissemination Agent, their 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 wilful misconduct. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Trustee and Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Owners, or any other party. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: October 1, 1999

CULVER CITY REDEVELOPMENT AGENCY

By

Executive Director

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Trustee and as Dissemination Agent

By

Authorized Officer

Exhibit A

EXHIBIT A

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

Name of Obligated Party: Culver City Redevelopment Agency (the "Agency")

Name of Bond Issue: Culver City Redevelopment Agency, Tax
Allocation Refunding Bonds, 1999 Series A (Culver
City Redevelopment Project) and Subordinate Tax
Allocation Refunding Bonds, 1999 Series B (Culver
City Redevelopment Project)

Date of Delivery: October 13, 1999

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of October 1, 1999 between the Agency and U.S. Bank Trust National Association. [The Agency anticipates that the Annual Report will be filed by _____.]

Dated:

U.S. Bank Trust National Association, on behalf of the Agency

cc: Executive Director, Culver City Redevelopment Agency

APPENDIX F

BOOK ENTRY-ONLY SYSTEM

Book-Entry Only System

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 bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 securities that its participants (Participants) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and 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, but Beneficial Owners are 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 Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds 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 Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no 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 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 Cede & Co. 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 redeemed.

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

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities 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 securities depository is not obtained, 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, 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 Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

In the event that the book-entry only system for the Bonds, or a portion of the Bonds, is discontinued, Bond certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC Participants may specify (which may be the Indirect DTC Participants or Beneficial Owners), in authorized denominations. The ownership of the Bonds so delivered (and any Bonds thereafter delivered upon a transfer or exchange) shall be registered in registration books to be kept by the Trustee at its corporate trust office, and the Agency and the Trustee shall be entitled to treat the registered owners of such Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Indentures.

APPENDIX G
FISCAL CONSULTANT REPORT

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**FISCAL CONSULTANT REPORT
MERGED PROJECT AREA**

Prepared For:

**REDEVELOPMENT AGENCY OF THE CITY OF CULVER CITY
Culver City, California**

September 13, 1999

Prepared By:

**KEYSER MARSTON ASSOCIATES, INC.
500 South Grand Avenue
Suite 1480
Los Angeles, California 90071**

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1. INTRODUCTION

Keyser Marston Associates, Inc. (KMA) has been retained as Fiscal Consultant to the Culver City Redevelopment Agency to prepare a projection of tax increment revenues for Component Areas 1, 2, 3 and 4 (hereinafter referred to as the Merged Project). The Agency is proposing to issue tax allocation bonds to be secured by tax increment revenues from the Merged Project.

The California Community Redevelopment Law (CRL) provides for the creation of a redevelopment agency for the purpose of eliminating blight. To achieve this purpose, the CRL, along with Article 16, Section 16 of the California Constitution, authorizes the Agency to receive that portion of property tax revenue generated from the increase of the current year taxable values over the base year taxable values that existed at the time of adoption of a redevelopment project. This portion of property tax revenue is referred to as tax increment revenue. The CRL provides that the tax increment revenue may be pledged by the Agency for the repayment of Agency indebtedness.

This Fiscal Consultant Report will examine the Merged Project values which provide the basis from which a multi-year tax increment revenue projection is created. The projected taxable values and resulting tax increment revenues for the Merged Project are based on assumptions determined by a review of the taxable value history of the Merged Project; Agency identified new developments that have been recently completed, are presently under construction or are proposed for the Merged Project; and the property tax assessment and property tax apportionment procedures of Los Angeles County.

2. REVIEW OF THE MERGED PROJECT

2.1 Merged Project and Redevelopment Plan

On July 26, 1971, the Agency adopted the 306-acre Slauson-Sepulveda Redevelopment Project No. 1 (Component Area 1) and on December 28, 1971 the Agency adopted the 184-acre Overland-Jefferson Redevelopment Project No. 2 (Component Area 2). The 526-acre Washington-Culver Redevelopment Project No. 3 (Component Area 3) was adopted on November 24, 1975. On November 23, 1998, the Agency adopted the 270-acre Component Area 4 and concurrently merged the four component areas. The Agency concurrently amended the plan limits to reflect the following limits:

	<u>Debt Incurrence</u>	<u>Plan Effectiveness</u>	<u>Debt Repayment</u>	<u>Tax Increment</u>
Area 1	July 26, 2011	July 26, 2011	July 26, 2021	\$755,000,000
Area 2	December 28, 2011	December 28, 2011	December 28, 2021	\$830,000,000
Area 3	January 1, 2014	November 24, 2015	November 24, 2025	\$3,080,000,000
Area 4	November 23, 2018	November 23, 2028	November 23, 2043	NA

2.2 Review of Agency Obligations

▪ *Low and Moderate Income Housing Set Aside Requirement*

The CRL requires redevelopment agencies to annually set aside 20 percent of all tax increment revenues into a Low and Moderate Income Housing Set Aside Fund. The set aside requirement could be reduced or eliminated if the redevelopment agency finds that (1) no need exists in the community to improve or increase the supply of low and moderate income housing, (2) that some stated percentage less than 20% of the tax increment is sufficient to meet the housing need or (3) that other substantial efforts, including the obligation of funds from certain local, state or federal sources for low and moderate income housing, of equivalent impact are being provided for in the community. The Agency has not made any of these findings and continues to set aside 20% of annual tax increment. The annual Housing Set Aside has been deducted from the attached tax increment revenue projections for purposes of this analysis.

▪ *Statutory Pass Through Requirement*

Component Area 4 is subject to the statutory pass through requirements of AB 1290 which provides for specific formulas for payments to be made by the Agency to affected taxing entities as follows: (1) from the first fiscal year in which the Agency receives tax increment until the last fiscal year in which the Agency receives the tax increment, 25% of the tax increments are passed through to the entities (net of the 20% Housing set aside); (2) commencing in the eleventh year, an additional 21% of the tax increment in excess of the tenth year tax increment is passed through to the entities (net of the 20% housing set aside); and (3) commencing in the thirty first year, an additional 14% of the tax increment in excess of the thirtieth year tax increment is passed through to the entities (net of the 20% housing set aside).

On November 23, 1998, the Agency approved technical amendments to the redevelopment plans of Component Areas 1, 2 and 3 which extended the time limits for establishing debt (based upon evidence that significant blight remained in the project areas and that such blight could not be eliminated without the establishment of additional debt). As a result of this extension, the Agency will be required to allocate the statutory pass through to the affected taxing entities commencing in the first fiscal year following the one in which one or more of the limitations being amended would have otherwise taken effect (i.e. former debt incurrence limit was January 1, 2004 and the statutory pass through will commence in FY 2004-05).

For Component Areas 1, 2 and 3, the statutory pass through allocation to affected taxing entities will take effect commencing in FY 2004-05 according to the following formulas: (1) commencing in FY 2004-05, 25% of the tax increment in excess of the FY 2003-04 adjusted base value are passed through to the entities (net of the 20% Housing set aside) and (2)

commencing in FY 2014-15, an additional 21% of the tax increment in excess of the FY 2013-14 adjusted base value is passed through to the entities (net of the 20% housing set aside).

▪ **County Administrative Fees**

Chapter 466, Statutes of 1990, (referred to as SB 2557) permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. SB 2557, and subsequent legislation under SB 1559 (Statutes of 1992), permitted counties to charge all jurisdictions, including redevelopment agencies, on a year to year basis. For the 1998-99 fiscal year, the County charge for Component Areas 1, 2 and 3 totaled \$334,000 or (representing approximately 2% of the gross tax increment). The tax increment projection assumes that the County will continue to charge the Agency for property tax administration and that future charges will continue to be applied in subsequent years at a factor of approximately 2% of the gross tax increment revenue.

3. REVIEW OF PROJECT ASSESSED VALUES

3.1 Real and Personal Property

Real Property, as referred to in this Report, is defined to represent land and improvement assessed values. Annual increases in the assessed value of Real Property are limited to an annual inflationary increase of up to 2%, as governed by Article XIII A of the State Constitution. Real Property values are also permitted to increase or decrease as a result of a property's change of ownership or new construction activity. As discussed below, the assessed value of taxable property is subject to reduction under certain conditions.

For the 1995-96 and 1996-97 fiscal years the County Assessor applied a state mandated factor of 1.19% and a 1.11% inflationary factor to Real Property values in the respective fiscal years to reflect the change in the 1994 and 1995 State Consumer Price Indices. For the 1997-98 and 1998-99 fiscal years, the County Assessor applied the maximum 2% inflationary factor. For the 1999-2000 tax year, the State Department of Finance reported that the annual inflationary factor was 1.85%. For purposes of the attached tax increment projection commencing in 2000-01, the maximum 2% factor will be applied.

The assessed value of Personal Property is not subject to the maximum 2% inflationary increase and is subject to annual appraisal, either upward or downward. State assessed Non-Unitary properties assessed by the State Board of Equalization (SBE) also may be revalued annually and such assessments are not subject to the annual 2% inflation limitation of Article XIII A.

The Merged Project assessed values are prepared by the County Assessor and, until the 1996-97 fiscal year, have reflected the March 1st lien date. Commencing with the 1997-98 fiscal year, the

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property tax lien date was changed to January 1. Each property assessment is assigned a unique Assessor Parcel Number (APN) which correlates to assessment maps prepared by the County. The corresponding assessed values for each parcel are then encoded to Tax Rate Areas (TRAs) which are geographic subareas with common distribution of taxes and which are contained within the Merged Project boundaries.

The County Auditor-Controller is responsible for the aggregation of the assessed values assigned by the Assessor for properties within the boundaries of the Merged Project. This results in the reported total current year assessed value and becomes the basis for determining tax increment revenues due to the Agency. The reported values of the Merged Project for the 1999-2000 fiscal year are as follows:

	<u>1999-2000 Value</u>	<u>% of Total</u>
Secured Property	\$1,864,315,953	85.44%
Unsecured Property	<u>317,582,545</u>	<u>14.56%</u>
Total Assessed Value	\$2,181,898,498	100.00%

Secured Property includes property on which any property tax levied by the County becomes a lien on that property. Unsecured Property typically includes the value of tenant improvements, trade fixtures and personal property. The taxes levied on Unsecured Property are levied at the previous year's Secured Property tax rate.

3.2 Historic Assessed Values

Aggregated historic Merged Project values were summarized by KMA on Table 1 covering fiscal years 1993-94 to 1997-98 for Component Areas 1, 2 and 3 and 1998-99 to 1999-2000 for the added Component Area 4¹. The historic taxable values reported by the County Auditor-Controller for the Merged Project reflects an overall average annual increase of 4.17% for the period. The year to year increases in total value ranged from a high of 23.32% in 1998-99 (due to the inclusion of Component Area 4) to a low of negative 4.87% in 1995-96. A historic parcel by parcel review of the Merged Project was beyond the requested work scope of this review and therefore no historic parcel-specific research is available at this time.

3.3 Taxpayer Composition

KMA analyzed the composition of land uses within the Merged Project in FY 1998-99 using the County assessor's tax roll classification system². As shown above, secured properties account

¹ In FY 1999-2000, the County Auditor-Controller has not yet reported unsecured values for Component Area 4, but is anticipated to do so during the course of the fiscal year. Therefore, for purposes of the historic comparison and until such time that an aggregation of Component Area 4 unsecured values are reported, the FY 1998-99 base year unsecured values are reflected on Table 1.

² The FY 1999-2000 secured database is not currently available from the County Assessor to enable KMA to determine the current year composition of land uses.

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for approximately 85% of the total assessed value of the Merged Project and unsecured properties account for approximately 15% of total assessed value.

The Merged Project is generally spread between industrial, residential and commercial uses. Commercial office properties represent the largest secured value land use category, accounting for approximately 16% of the Merged Project's total assessed value. The second largest secured value land use category is represented by industrial manufacturing uses, representing 14% of the Merged Project's total value. The third largest secured value land use category is represented by residential condominiums representing 12.5% of the Merged Project's total assessed value. A full summary of the 1998-99 values by land use is summarized on Table 2.

3.4 Ten Largest Taxpayers

The ten largest property owners in the Merged Project were identified by KMA based upon a review of the 1999-2000 locally assessed secured and unsecured taxable valuations reported by the County Assessor. The aggregated total assessed value of the identified ten largest tax payers is shown on Table 3 and includes the assessee name, property use, component area, value category, parcel count, 1999-2000 assessment, percentage share of the Merged Project value and status of assessment appeal filings. The ten identified assesses represent 33.73%, or \$736 million, of the total Merged Project value for 1999-2000. The top ten represents office, retail and industrial uses

3.5 Assessment Appeals

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. The reduction in future Project taxable values and the refund of taxes affects all taxing entities, including the Agency.

Commencing in early 1990's, county assessors throughout California began to see significant numbers of property owners filing petitions to lower their property assessments. Spurred by the residual effects of the last recession and by an entrepreneurial consultant industry specializing in the petitioning of assessments on behalf of property owners, assessment appeal filings rose dramatically from prior years. As a result of the improved economic health experienced throughout the State, the number of 1998 appeal applications has returned to the levels experienced before 1994. These patterns are illustrated in the table discussed below.

The appeal information was obtained from the Los Angeles County Assessment Appeals Board database and reflects appeal records through the First Quarter of 1999. For purposes of this projection, the attached projections incorporated the following records: (1) all FY 1998-99

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appeals, (2) pre-1998 appeals which were still pending, and (3) pre-1998 appeals which were resolved after September 1, 1998.³

Tables 4.1 through 4.4 present the results of this survey and contain listings of properties having an outstanding or recently stipulated appeal filed with the Assessment Appeals Board. The listing identifies the application number, tax year, parcel number, applicant name, land use, action date, status of the appeal, contested value, applicant's opinion of value, projected resolved value, the projected value change and the resolution assumption incorporated by KMA. For purposes of this analysis, the tax refunds anticipated to be payable to the applicants and the valuation reductions due to appeal settlements are assumed, for purposes of the projection, to be reflected in the current 1999-2000 fiscal year.

Valuation reductions for open appeals have been projected by KMA based upon one of the following background assumptions listed below:

- (1) if the parcel assessment was reduced by stipulation or Appeals Board action in the current or in a previous fiscal year, the contested value was reduced to the stipulated amount; or
- (2) if the applicant, in prior fiscal year appeal filings, withdrew a filed appeal or failed to appear for a scheduled hearing or was denied the appeal, it was assumed that the same would occur with respect to the open appeals being filed by the applicant; or
- (3) if the reported 1999-2000 assessed value was less than the contested amount, the contested amount was reduced to the current year reported value; or
- (4) for commercial secured value greater than \$5 million, a reduction was made to the greater of either the applicant's opinion of value or 75% of the contested value (this 25% reduction determined from the average percentage reduction experienced by a sampling of 27 stipulated commercial property appeals in the City whose values were greater than \$5 million); or
- (5) for commercial secured value between \$1 million and \$5 million, a reduction was made to the greater of either the applicant's opinion of value or 77% of the contested value (this 23% reduction determined from the average percentage reduction experienced by a sampling of 90 stipulated commercial property appeals in the City whose values were between \$1 million and \$5 million); or

³ The tax refunds resulting from resolution of pre-FY 1998-99 appeals resolved after September 1, 1998 would be debited by the County Auditor-Controller from current year allocations of tax increment.

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- (6) for commercial secured value less than \$1 million, a reduction was made to the greater of either the applicant's opinion of value or 77% of the contested value (this 23% reduction determined from the average percentage reduction experienced by a sampling of 127 stipulated commercial property appeals in the City whose values were less than \$1 million); or
- (7) for apartment properties a reduction was made to the greater of either the applicant's opinion of value or 75% of the contested value (this 25% reduction determined from the average percentage reduction experienced by a sampling of 101 stipulated apartment property appeals in the City); or
- (8) for single family residential properties a reduction was made to the greater of either the applicant's opinion of value or 79% of the contested value (this 21% reduction determined from the average percentage reduction experienced by a sampling of 324 stipulated single family residential property appeals in the City); or
- (9) for residential condominium properties a reduction was made to the greater of either the applicant's opinion of value or 78% of the contested value (this 22% reduction determined from the average percentage reduction experienced by a sampling of 172 stipulated condominium property appeals in the City); or
- (10) for vacant land parcels a reduction was made to the greater of either the applicant's opinion of value or 80% of the contested value (this 20% reduction determined from the average percentage reduction experienced by a sampling of 113 stipulated vacant land appeals in the City); or
- (11) for unsecured values greater than \$1 million, a reduction was made to the greater of either the applicant's opinion of value or 80% of the contested value (this 20% reduction determined from the average percentage reduction experienced by a sampling of 11 stipulated unsecured appeals in the City whose contested values were greater than \$1 million), and;
- (12) for unsecured values less than \$1 million, a reduction equal to the lesser of either the applicant's opinion of value or 70% of the contested value (this 30% reduction determined from the average percentage reduction experienced by a sampling of 18 stipulated unsecured appeals in the City whose contested values were less than \$1 million).

Actual reductions in taxable values may likely be higher or lower than what has been incorporated in the attached tables. In actuality, an appeal may be withdrawn by the applicant, the Appeals Board may deny or modify the appeal at hearing or by stipulation, or the final value

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will be adjusted to an amount other than the stated opinion of value or that amount assumed by KMA.

The database extraction of assessment appeal records for the respective component areas totaled over 1,770 records. Based upon the distribution of Agency-wide appeals shown on the table below, historic statistical patterns prior to FY 1997-98 indicate that an average of 27% of all filed appeals were reduced or stipulated, while approximately 71% of all filed appeals subsequently were withdrawn, denied, deemed invalid or the applicant fails to appear.

<u>Fiscal Year</u>	<u>Total Filings</u>	<u>Stipulated or Reduced</u>	<u>Denied, Invalid, Withdrawn or Non-appearance</u>	<u>Open Appeals</u>
1998-99	161	1	0	160
1997-98	297	63	166	68
1996-97	464	86	365	13
1995-96	471	206	258	7
1994-95	279	91	184	4
1993-94 & prior years	98	12	86	0

Unless a particular pattern from parcel-specific prior year filings is seen, it is difficult to project with any degree of certainty which appeal filings would ultimately be withdrawn, denied, invalidated or revoked due to non-appearance. Therefore, the projected tax refunds and valuation reductions shown on Tables 4.1 through 4.4 assume that all outstanding appeals will be reduced (with the exception of appeals matching assumption criteria #1 or #2 discussed above).

4. TAX ALLOCATION AND DISBURSEMENT

4.1 Tax Rates

The tax rates which are applied to incremental taxable values consist of two components: the General Tax Rate of \$1.00 per \$100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed one percent (\$1.00 of \$100 taxable value) in accordance with Article XIII A. An amendment to the Constitution prohibits redevelopment agencies from receiving taxes generated by new Override Tax Rates, which are reflective of debt approved after December 31, 1988.

The FY 1998-99 Override Tax Rate used by the County Auditor-Controller to determine annual tax increment is a relatively low rate as evidenced by the representative rates shown below for

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the respective component areas⁴. The following tax rates were incorporated in the tax increment revenue projections.

<u>Component Area 1</u>	<u>Component Area 2</u>	<u>Component Area 3</u>
1.012246%	1.012460%	1.012110%

4.2 Allocation of Taxes

The County Auditor-Controller is responsible for the aggregation of the taxable values assigned by the Assessor as of the lien date for property within the boundaries of the respective component areas. This results in the reported total current year component area taxable value and becomes the basis for determining tax increment revenues due to the Agency. Although adjustments to taxable values for property within the Merged Project may occur throughout the fiscal year for Assessor value changes and corrections, such adjustments are not assumed in the tax increment projection prepared by KMA.

Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Tax increment revenue is disbursed to the Agency based upon actual collections within the Project TRAs. The secured tax revenues are disbursed beginning in December with a 35% advance payment followed by a 5% advance in January. A reconciliation payment reflecting actual first installment collections is made in February. In April, 75% of the total levy is disbursed to the Agency, followed by a reconciliation payment in May reflecting actual second installment collections. Final payments are generally allocated in August. Over-allocations, if any, are deducted from the next year's allocation. The unsecured tax increment revenues are advanced in November and March of each year with final reconciliation payments made in August.

4.3 Tax Receipts to Tax Levy

Tax increment revenues are allocated to the Agency based upon actual tax collections received in the respective component areas. To estimate the percentage of unpaid taxes in a given component area, a comparison of computed tax levy to actual tax receipts was conducted by KMA. This comparison, summarized on Table 5, was reviewed for the 1994-95 through 1998-99 fiscal years.

A comparison of the historic receipt rate revealed an average collections rate of nearly 97% (a 3% delinquency rate over the five year period) from the calculated tax levy for the period reviewed. The delinquency rates ranged from a high of 4.84% in 1996-97 to a low of 1.8% in

⁴ The override rate for the newest Component Area 4 was not reported for FY 1998-99.

1998-99. The delinquency rates include collections from both secured and unsecured taxes. For purposes of this comparison, the calculated tax levy and the annual receipt amounts do not include administrative charges, supplemental taxes, prior year redemption payments, tax refunds due to appeals, Assessor mid year roll adjustments or pass through payments.

5. TAX INCREMENT REVENUE PROJECTION

5.1 Tax Increment Revenues

Property tax revenues in excess of the amount resulting from the valuation shown on the assessment roll for the base year values of the respective component areas is referred to as tax increment. The base year for a component area represents the fiscal year in which taxable property was last equalized prior to the effective date of the ordinance approving the Redevelopment Plans for the component area.

The projections of tax increment revenues shown on Table 7 are based upon the actual 1999-2000 fiscal year and base year assessed values reported by the County Auditor-Controller. The application of the Proposition 13 inflationary increase to Real Property values, plus any anticipated values added from new developments identified by Agency staff, results in the estimate of future Project values. For purposes of this projection, projected values in 1999-2000 are adjusted to reflect estimated valuation changes resulting from identified assessment appeals.

5.2 New Development Value Added

New developments occurring in the Merged Project have been identified by Agency staff for inclusion in the tax increment revenue projection. The projects included in the tax increment projection and their corresponding estimates of taxable value are presented on Tables 6.1 through 6.4 for each component area. The anticipated development values incorporated in the tax increment revenue projection are shown on these tables for both real and personal property.

Projects that have been included in the tax increment projection for the Merged Project are those that either were completed after January 1, 1998, are currently under construction, or are scheduled to start construction in the future.

The amount of new development values anticipated to be added to the future property tax rolls are assumed to be as of the January 1st lien date of each year. The valuation estimates for each project are based on building permit values provided by the City or on industry standard cost allowances provided by Marshall Swift Valuation Services.

5.3 Unitary Tax Revenue

Commencing in 1988-89, the reporting of public utility values assessed by the State Board of Equalization (SBE) was modified pursuant to legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921). Previously, property assessed by the SBE was assessed State-wide and was allocated according to the location of individual components of a utility in a TRA. Hence, public utility values located within a component area were fully reflected in the component area's annual taxable value. Since the County no longer included the taxable value of unitary properties as part of the reported taxable values in a redevelopment project, base year reductions were made equal to the amount of unitary taxable value that existed originally in the base year. The values of most public utility properties are now assessed as a single unit on a County-wide basis (referred to as unitary values). Railroad properties and utility owned parcels not included by SBE in the unitary assessment are referred to as Non-Unitary assessments.

Unitary tax revenues are distributed by the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (2) if utility tax revenues are insufficient to provide the same amount of revenue as in the previous year, allocation of the taxes would be reduced pro-rata County-wide; and (3) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are distributed to the local secured taxable values of the County.

According to the County Auditor-Controller, the Agency received nearly \$442,000 in unitary tax revenues for Component Areas 1, 2 and 3 in FY 1998-99. For purposes of this projection, it is assumed that the unitary tax revenues will stabilize at this amount in FY 1999-2000 and thereafter.

5.4 Supplemental Assessments

Supplemental assessments are authorized under Chapter 498 of the Statutes of 1983 which provides that property may be reassessed upon the occurrence of a change of ownership or completion of new construction. The supplemental assessment reflects the difference between the new value and old value. Prior to the enactment of Chapter 498, property reassessments occurred only on the lien date next following the change in ownership or new construction. The supplemental tax (if there is a resulting increase in value) or the supplemental refund (if there is a resulting decrease in value) is determined by applying the current year tax rate to the amount of supplemental assessment and prorating the resulting tax based upon the number of months remaining in the current fiscal year and, in certain instances, in the forthcoming fiscal year.⁵

⁵ Two supplemental assessments would occur in instances where a change in ownership or a new construction occurs between the January 1 lien date and May 31st.

The tax revenues or refunds derived from supplemental assessments are allocated to redevelopment agencies on a monthly basis and incorporated in the tax payments prepared by the County Auditor-Controller. Future new developments or property transfers occurring in the Merged Project could likely result in supplemental tax revenues being allocated to the Agency. However, due to their nature as one-time occurring revenues, supplemental taxes can be a relatively minimal revenue source to the Agency to the extent no new developments or transfers of ownership are occurring in the Merged Project. In addition, pursuant to conversations with County Tax Collector staff, the receipt of supplemental taxes by the Agency can be delayed by as much as six to nine months after a property transfer or construction.

Supplemental taxes are prorated by the number of months that remain in the fiscal year. However, the City's projection of future new developments occurring in the Merged Project did not contain specific completion months, making an annual supplemental tax estimate difficult to project. Therefore, for purposes of the projection, KMA has not included any revenues in the tax increment projection resulting from future supplemental assessments.

5.5 Ten Year Tax Increment Revenue Projection

The tax increment revenue projection for the Merged Project is summarized on Table 7 commencing with the 1999-2000 fiscal year. The projection incorporates the valuation assumptions previously discussed in this Report. The projection is separated into Real Property and Personal Property values for purposes of increasing Real Property values allowed under Proposition 13.

The projected growth in Real Property taxable values has been limited to anticipated value added from the identified new developments discussed above, and the maximum annual inflationary factor allowed under Proposition 13. This projection assumes that future inflationary growth commencing in 2000-01 will be at least 2% per year. Future Personal Property values are assumed to stabilize at the previous year level. Net tax increment revenue represents the gross tax increment revenue less the sum of the County's collection fee authorized under SB 2557, the estimated potential tax refund due to outstanding Project appeals identified by the County and statutory pass through payments required under AB 1290.

5.6 Caveats

The projection reflects KMA's understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to change as a reflection of policy revisions or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections. Assumptions have also been made that Unitary tax revenues will continue to be allocated in the manner discussed herein and that legislatively-mandated

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payments to the State will not be required in future fiscal years. These assumptions reflect existing State policies and are subject to future legislative changes.

No assurances are provided by KMA as to the certainty of the projected tax increment revenues shown on Table 7. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, or the non-payment of taxes due. The accuracy or completeness of assessment appeals identified in the attached table are based solely upon information provided by the County Assessor's office.

Table 1

Historic Project Area Assessed Values
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency

	(2)										Avg % Chg
	1993-94 Areas 1,2,3	1994-95 Areas 1,2,3	% Chg	1995-96 Areas 1,2,3	% Chg	1996-97 Areas 1,2,3	% Chg	1997-98 Areas 1,2,3	% Chg	1998-99 Areas 1,2,3,4	% Chg
I. Secured (1):											
Land	602,431,059	599,927,077	-0.42%	588,738,646	-1.86%	602,041,376	2.26%	590,700,268	-1.88%	783,952,715	32.72%
Improvements	924,482,541	905,268,475	-2.08%	845,053,608	-6.85%	838,736,535	-0.75%	867,531,181	3.43%	1,002,188,672	15.52%
Personal Property	1,852,340	1,775,834	-4.13%	2,565,175	44.45%	3,776,315	47.21%	11,149,012	195.24%	13,226,742	18.64%
Exemptions	18,114,256	14,114,991	-22.08%	16,082,525	13.94%	19,192,900	19.34%	19,481,776	1.51%	28,025,785	43.86%
Total Secured	1,510,651,684	1,492,856,395	-1.18%	1,420,274,902	-4.86%	1,425,361,326	0.36%	1,449,898,685	1.72%	1,771,342,344	22.17%
										1,864,315,953	5.25%
II. Unsecured (1):											
Land	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Improvements	75,065,280	63,614,339	-15.25%	64,902,047	2.02%	50,091,031	-22.82%	47,897,542	-4.38%	72,443,538	51.25%
Personal Property	159,543,333	151,874,729	-4.93%	139,897,561	-7.76%	171,908,797	22.88%	190,361,113	10.73%	237,986,859	26.02%
Exemptions	437,900	290,500	-34%	350,400	20.62%	314,100	-10.36%	470,900	49.92%	560,800	19.09%
Total Unsecured	234,170,693	214,998,568	-8.19%	204,449,208	-4.91%	221,685,728	8.43%	237,767,755	7.26%	309,869,597	30.31%
										317,582,545	2.49%
III. Merged Area Value (1)											
Land	602,431,059	599,927,077	-0.42%	588,738,646	-1.86%	602,041,376	2.26%	590,700,268	-1.88%	783,952,715	32.72%
Improvements	999,547,801	968,882,814	-3.07%	909,955,653	-6.08%	888,827,566	-2.32%	915,428,723	2.99%	1,074,632,210	17.39%
Personal Property	161,395,673	153,450,563	-4.92%	142,462,736	-7.16%	175,685,112	23.32%	201,510,125	14.70%	251,213,601	24.67%
Exemptions	18,552,156	14,405,491	-22.35%	16,432,925	14.07%	19,507,000	18.71%	19,952,676	2.28%	28,586,585	43.27%
Total Merged Area	1,744,822,377	1,707,854,963	-2.12%	1,624,724,110	-4.87%	1,647,047,054	1.37%	1,687,686,440	2.47%	2,081,211,941	23.32%
										2,181,898,498	4.84%
											4.17%

(1) Source: Los Angeles County Auditor-Controller

(2) 1998-99 base year values for Component Area 4 have been incorporated in the FY 1998-99 values shown. In FY 1999-2000, the County has not yet reported unsecured values for Component Area 4. Therefore, for purposes of this comparison and until at such time that an aggregation of Component Area 4 unsecured values is reported, the FY 1998-99 base year unsecured values are reflected

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Table 2
Values by Land Use - FY 1998-99
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency

Land Use	No. of Parcels	1998-99 Value	% of Total
Commercial - Office	186	333,887,132	16.04%
Commercial - Retail	365	255,110,445	12.26%
Commercial - Miscellaneous Uses	314	103,287,524	4.96%
Commercial - Hotel & Motel	26	63,007,015	3.03%
Industrial - Manufacturing	250	291,013,787	13.98%
Industrial - Movies & Television	10	99,399,113	4.78%
Industrial - Warehouse/Distribution	62	70,098,733	3.37%
Industrial - Miscellaneous	36	11,481,740	0.55%
Residential - Condominiums	2,152	261,302,138	12.56%
Residential - Single Family	380	97,644,116	4.69%
Residential - Multi Family & Misc	249	54,942,600	2.64%
Institutional Uses	34	61,917,187	2.98%
Vacant Land	129	47,197,123	2.27%
Other Uses	43	21,053,691	1.01%
Unsecured Assessments	NA	309,869,597	14.89%
Total Value - Merged Area		2,081,211,941	100.00%

Source: Los Angeles County Assessor/Transamerica Intellitech

Table 3
Ten Largest Assesseees - FY 1999-2000 Values
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency

Assessee Name	Property Use	Component Area	Value Type	No. of Parcels	1999-2000 Value	% of 1998-2000 Total (1)	Assessment Appeal Status
1 Sony Related Entities: Lot Inc. Sony Pictures Properties Inc. Filmiland Development Inc.	Industrial	Area 3	Sec & Unsec	11	234,208,050	10.73%	FY 1998-99 - 5 pending appeals.
	Industrial & Commercial	Area 3	Secured	23	103,401,108	4.74%	FY 1998-99 - 22 pending appeals.
	Commercial Office	Area 3	Secured	1	83,441,312	3.82%	FY 1997-98 - 3 pending appeals. FY 1998-99 - 1 pending appeal.
	Commercial Office	Area 1	Secured	5	77,131,237	3.54%	FY 1997-98 - 1 pending appeal.
2 Arden Realty	Commercial Office	Area 1	Secured	5	77,131,237	3.54%	FY 1998-99 - 3 pending appeals. FY 1997-98 - 5 pending appeals. FY 1996-97 - 2 pending appeals.
3 H B H Associates	Commercial Retail	Area 1	Secured	10	68,233,448	3.13%	FY 1998-99 - 1 pending appeal. FY 1997-98 - 1 pending appeal.
4 Brotman Partners LP	Institutional Medical	Area 3	Secured	8	32,246,809	1.48%	FY 1998-99 - 8 pending appeals. FY 1997-98 - 4 pending appeals.
5 Teachers Insurance Annuity	Industrial & Commercial	Area 1	Secured	11	31,500,359	1.44%	FY 1998-99 - 1 pending appeal. FY 1997-98 - 3 stipulated appeals & 4 pending appeals.
6 Amberdon Corporate Pointe Ltd	Commercial Office	Area 1	Secured	3	24,150,000	1.11%	FY 1998-99 - 3 pending appeals.
7 Costco Wholesale Corporation	Commercial Retail	Area 4	Secured	1	24,000,000	1.10%	FY 1997-98 - 1 pending appeal.
8 Center Properties	Commercial Retail	Area 3	Secured	23	23,101,473	1.06%	FY 1998-99 - 22 pending appeals.
9 Urban Hotels Inc	Commercial Hotel	Area 1	Secured	1	17,464,651	0.80%	FY 1998-99 - 1 pending appeal.
10 WP WLA Real Estate Ltd Partnership	Commercial Office	Area 1	Secured	16	17,162,213	0.79%	None Reported
TOTALS					736,040,460	33.73%	

(1) Based upon reported FY 1999-2000 Merged Area value of \$2,181,898,498.

Source: Los Angeles County Assessor FY 1999-2000 tax roll.
 Prepared by Keyser Marston Associates, Inc.
 Filename: Top10_99.xls; SUM: 9/16/99; GSH

Table 4.1
Assessment Appeals Impact
Component Area No. 1
Culver City Redevelopment Agency

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
SECURED APPEALS											
1	98018059	98-000 4134-003-004	CULVER PROPERTY ASSOC.	COML		Open	14,924,537	10,000,000	11,193,403	(3,731,134)	Reduce to opinion or 75% (Comm'l comps >\$5M)
2	98018049	95-010 4134-003-004	CULVER PROPERTY ASSOC.	COML		Open	14,345,000	10,000,000	10,758,750	(3,586,250)	Reduce to opinion or 75% (Comm'l comps >\$5M)
3	98015185	98-000 4134-003-005	MAY DEPARTMENT STORES CO	COML		Open	8,471,609	4,472,854	8,471,609	0	Assume withdrawn (1996 appl withdrawn)
4	97046677	97-000 4134-003-005	MAY DEPT STORES CO	COML		Open	8,305,500	4,463,584	8,305,500	0	Assume withdrawn (1996 appl withdrawn)
5	98015185	98-000 4134-003-008	MAY DEPARTMENT STORES CO	COML		Open	11,898,232	11,898,232	11,898,232	0	Assume withdrawn (1996 appl withdrawn)
6	97046677	97-000 4134-003-008	MAY DEPT STORES CO	COML		Open	11,898,232	11,898,232	11,898,232	0	Assume withdrawn (1996 appl withdrawn)
7	98015360	98-000 4134-004-001	ARDEN REALTY, INC.	COML		Open	7,650,000	757,000	5,737,500	(1,912,500)	Reduce to opinion or 75% (Comm'l comps >\$5M)
8	98007504	97-010 4134-004-001	ARDEN REALTY FINANCE PTNSHIP.	COML		Open	7,500,000	3,500,000	5,625,000	(1,875,000)	Reduce to opinion or 75% (Comm'l comps >\$5M)
9	97048292	97-000 4134-004-001	ARDEN REALTY FINANCE PTNSHIP	COML		Open	5,074,103	507,410	3,805,577	(1,268,526)	Reduce to opinion or 75% (Comm'l comps >\$5M)
10	97049957	97-000 4134-004-021	CALIFORNIA PIZZA KITCHENS	COML		Open	5,635,411	70,000	4,226,558	(1,408,853)	Reduce to opinion or 75% (Comm'l comps >\$5M)
11	98021942	98-000 4134-005-002	AMERICAN OFFICE PARK PROP.	COML		Open	1,989,000	2,060,174	1,989,000	0	Assume withdrawn (1997 appl withdrawn)
12	97055176	97-000 4134-005-002	AMERICAN OFFICE PARK	COML	1999-02-10	Withdrawn	2,170,000	1,847,221	2,170,000	0	Withdrawn 2-10-99
13	98021942	98-000 4134-005-003	AMERICAN OFFICE PARK PROP.	COML		Open	1,734,000	2,161,104	1,734,000	0	Assume withdrawn (1997 appl withdrawn)
14	97055176	97-000 4134-005-003	AMERICAN OFFICE PARK	COML	1999-02-10	Withdrawn	2,345,000	1,804,532	2,345,000	0	Appeal withdrawn 2-10-99
15	98021942	98-000 4134-005-004	AMERICAN OFFICE PARK PROP.	COML		Open	2,346,000	3,078,506	2,346,000	0	Assume withdrawn (1997 appl withdrawn)
16	97055176	97-000 4134-005-004	AMERICAN OFFICE PARK	COML	1999-02-10	Withdrawn	3,385,000	2,484,221	3,385,000	0	Appeal withdrawn 2-10-99
17	98021942	98-000 4134-005-021	AMERICAN OFFICE PARK PROP.	COML		Open	8,007,000	6,400,216	8,007,000	0	Assume withdrawn (1997 appl withdrawn)
18	97055176	97-000 4134-005-021	AMERICAN OFFICE PARK	COML	1999-02-10	Withdrawn	7,275,000	4,704,026	7,275,000	0	Appeal withdrawn 2-10-99
19	98016958	98-000 4134-018-004	STRAUSS, MATTHEW	COML		Open	1,446,935	1,100,000	1,446,935	0	Assume withdrawn (1996 appl withdrawn)
20	98011854	98-000 4134-018-007	URBAN HOTELS INC.	COML		Open	16,153,567	12,000,000	16,153,567	0	Assume invalid (1997 appl invalid)
21	97060601	97-000 4134-018-007	URBAN HOTELS INC.	COML	1998-09-04	Invalid	9,670,000	11,962,555	9,670,000	0	Appeal invalid 9-4-98
22	97048170	97-002 4134-020-011	LAYTON-BELLING & ASSOCIATES	COML		Open	28,988,000	2,896,800	28,988,000	0	Assume withdrawn (1995 appl withdrawn)
23	97012774	97-000 4134-020-011	AEWLBA AQUISITION CO.	COML		Open	28,988,000	19,800,000	28,988,000	0	Assume withdrawn (1995 appl withdrawn)
24	97012775	96-000 4134-020-011	AEWLBA AQUISITION CO.	COML		Open	28,400,000	0	28,400,000	0	Assume withdrawn (1995 appl withdrawn)
25	97012775	95-011 4134-020-011	AEWLBA AQUISITION CO.	COML		Open	28,400,000	19,800,000	28,400,000	0	Assume withdrawn (1995 appl withdrawn)
26	97048170	97-002 4134-020-014	LAYTON-BELLING & ASSOCIATES	COML		Open	5,202,000	520,200	5,202,000	0	Assume withdrawn (1995 appl withdrawn)
27	97012774	97-000 4134-020-014	AEWLBA AQUISITION CO.	COML		Open	5,202,000	3,500,000	5,202,000	0	Assume withdrawn (1995 appl withdrawn)
28	97012775	96-000 4134-020-014	AEWLBA AQUISITION CO.	COML		Open	5,100,000	0	5,100,000	0	Assume withdrawn (1995 appl withdrawn)
29	97012775	95-011 4134-020-014	AEWLBA AQUISITION CO.	COML		Open	5,100,000	3,500,000	5,100,000	0	Assume withdrawn (1995 appl withdrawn)
30	98015338	98-000 4134-020-015	ARDEN REALTY, INC.	COML		Open	20,400,000	3,692,400	20,400,000	0	Assume withdrawn (1995 appl withdrawn)
31	98001505	97-010 4134-020-015	ARDEN REALTY FINANCE PTNSHIP LP	COML		Open	20,000,000	10,000,000	20,000,000	0	Assume withdrawn (1995 appl withdrawn)
32	97048277	97-000 4134-020-015	ARDEN REALTY LP	COML		Open	13,300,000	1,330,000	13,300,000	0	Assume withdrawn (1995 appl withdrawn)
33	98015338	98-000 4134-020-016	ARDEN REALTY, INC.	COML		Open	3,978,000	397,800	3,978,000	0	Assume withdrawn (1995 appl withdrawn)
34	98001505	97-010 4134-020-016	ARDEN REALTY FINANCE PTNSHIP LP	COML		Open	3,900,000	1,500,000	3,900,000	0	Assume withdrawn (1995 appl withdrawn)
35	97048277	97-000 4134-020-016	ARDEN REALTY LP	COML		Open	3,200,000	320,000	3,200,000	0	Assume withdrawn (1995 appl withdrawn)
36	98021327	98-000 4134-020-017	AMBERDON CORPORATE POINTE LTD	COML		Open	4,300,000	3,870,000	3,870,000	(430,000)	Reduce to opinion or 77% (Comm'l comps \$1M-\$5M)

Source: Los Angeles County Assessment Appeals Board, 1st Quarter 1999
 Prepared by Keyser Marston Associates, Inc.
 Filename: Rp1_0699; Appt0599; 9/13/99; GSH; Page 1 of 2

Table 4.1

Assessment Appeals Impact
Component Area No. 1
Culver City Redevelopment Agency

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
37	98021328	98-000 4134-020-018	AMBERDON CORPORATE POINTE LTD	COML		Open	9,200,000	8,280,000	8,280,000	(920,000)	Reduce to opinion or 75% (Comm'l comps >\$5M)
38	98021329	98-000 4134-020-019	AMBERDON CORPORATE POINTE LTD	COML		Open	7,085,000	6,375,000	6,375,000	(710,000)	Reduce to opinion or 75% (Comm'l comps >\$5M)
39	97034742	97-000 4203-027-158	BUCKINGHAM HEIGHTS BUS	COML		Open	7,576,121	7,335,000	7,576,121	0	Assume invalid (1994 appl invalid)
40	97034741	97-000 4203-027-159	BUCKINGHAM HEIGHTS BUS	COML		Open	3,713,888	3,020,000	3,713,888	0	Assume invalid (1994 appl invalid)
41	97034745	97-000 4203-027-160	BUCKINGHAM HEIGHTS BUS	COML	1999-03-02	Reduced	2,396,504	2,265,000	2,200,000	(196,504)	Reduced 3-2-99
42	97034746	97-000 4203-027-161	BUCKINGHAM HEIGHTS BUS	COML	1999-03-02	Reduced	2,661,719	2,189,000	2,200,000	(461,719)	Reduced 3-2-99
43	98003140	98-000 4203-027-162	SMALL TOYS INC.	COML		Open	1,881,454	1,550,000	1,500,000	(381,454)	Assume reduced per 1997 stipulation
44	97034743	97-000 4203-027-162	BUCKINGHAM HEIGHTS BUS	COML	1999-03-02	Reduced	1,844,563	1,745,000	1,500,000	(344,563)	Reduced 3-2-99
45	97034747	97-000 4203-027-168	BUCKINGHAM HEIGHTS BUS	COML		Open	3,065,367	2,855,000	3,065,367	0	Assume invalid (1994 appl invalid)
46	97034749	97-000 4203-027-169	BUCKINGHAM HEIGHTS BUS	COML		Open	3,085,819	2,726,000	3,085,819	0	Assume invalid (1994 appl invalid)
47	98010330	97-000 4216-023-001	PARADES, VICTOR ISAAC/VEVELINA	COML		Open	1,050,600	535,955	808,962	(241,638)	Reduce to opinion or 77% (Comm'l comps \$1M-\$5M)
48	98017937	98-000 4216-026-035	DEL TACO, INC. #620	COML		Open	631,167	600,000	631,167	0	Assume withdrawn (1995 appl withdrawn)
49	98022995	98-000 4220-015-036	PACIFICA PLAZA OFFICE BLDG.	COML		Open	11,625,723	8,681,000	11,625,723	0	Assume withdrawn (1997 appl withdrawn)
50	97019653	97-000 4220-015-036	PACIFICA PLAZA OFFICE BUILDING	COML	1998-11-18	Withdrawn	7,085,555	4,958,000	7,085,555	0	Withdrawn 11-18-98
UNSECURED APPEALS											
1	97048966	97-000 40791348	COMP USA INC.	OTHR		Open	470,892	466,182	466,182	(4,710)	Reduce to opinion or 70% (Unsec comps <\$1M)
2	98016075	98-000 40716879	MARSHALLS OF MA INC.	COML		Open	1,090,334	701,288	872,267	(218,067)	Reduce to opinion or 80% (Unsec comps >\$1M)
3	98016350	98-000 49106585	OVERHILL FARMS, INC.	COML		Open	98,990	19,798	69,293	(29,697)	Reduce to opinion or 70% (Unsec comps <\$1M)
4	97049577	97-000 40774681	UNITED AIRLINES INC	COML	1999-02-11	No Show	998,397	9	998,397	0	No Show 2-11-99
5	9678379	96-000 40741702	UNITED AIRLINES INC.	COML		Open	1,020,942	9	1,020,942	0	Assume no show (1997 appl no show)
6	9572242	95-000 43902128	UNITED AIRLINES, INC.	COML		Open	854,689	289,137	854,689	0	Assume no show (1997 appl no show)
7	9403495	94-000 44900610	UNITED AIRLINES, INC.	COML		Open	1,372,765	0	1,372,765	0	Assume no show (1997 appl no show)
8	9319319	93-000 45501880	UNITED AIRLINES, INC.	COML		Open	1,577,723	0	1,577,723	0	Assume no show (1997 appl no show)
Totals (for memorandum purposes only)							821,606,613	411,233,230	519,821,788	(17,720,615)	
Projected Value Change Resulting in FY 1999-2000 Tax Refund							394,284,155	191,988,658	377,566,326	(16,717,829)	
Projected FT 1999-2000 Tax Refund at 1%										(167,000)	
Projected Value Reduction Due to Identified Appeals							198,266,977	132,391,327	187,625,411	(10,641,566)	

Exhibit A

Source: Los Angeles County Assessment Appeals Board, 1st Quarter 1999
Prepared by Keyser Marston Associates, Inc.
Filename: Rp1_0699. Appl0599: 9/13/99: GSH: Page 2 of 2

Table 4.2

Assessment Appeals Impact

Component Area No. 2

Culver City Redevelopment Agency

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
SECURED APPEALS											
1	97026296	97-000	4203-002-033 WASSEF FAMILY TRUST	APTS		Open	434,898	310,000	434,898		0 Assume no show (1995 appl no show)
2	98016974	98-000	4203-002-040 RALPHS GROCERY COMPANY #284	COML		Open	14,840,691	11,000,000	14,840,691		0 Assume withdrawn (1997 appl withdrawn)
3	97054938	97-000	4203-002-040 RALPHS GROCERY COMPANY	COML	1998-10-27	Withdrawn	14,549,698	11,000,000	14,549,698		0 Withdrawn 10-27-98
4	98017349	98-000	4203-005-020 SULEJMANAGIC, ZAHID & SUBHA	APTS		Open	350,563	152,693	262,922	(87,641)	Reduce to opinion or 75% (Apt comps)
5	98009725	98-000	4209-028-034 OVERLAND OFFICE BUILDING	COML		Open	3,253,363	2,275,000	3,253,363		0 Assume withdrawn (1997 appl withdrawn)
6	97035017	97-000	4209-028-034 OVERLAND OFFICE BLDG	COML	1998-11-18	Withdrawn	3,189,573	1,736,382	3,189,573		0 Withdrawn 11-18-98
7	98018191	98-000	4209-029-016 OPEN FILMS	COML		Open	1,186,000	750,000	1,186,000		0 Assume no show (1997 appl no show)
8	97003540	97-000	4209-029-016 OPEN FILMS	COML	1999-01-14	No Show	1,353,844	750,000	1,353,844		0 No show 1-14-99
9	98013845	98-000	4209-031-075 PETRELLA, GINO C	COND		Open	165,911	100,000	127,751	(38,160)	Reduce to opinion or 77% (Condo comps)
10	98013844	98-000	4209-031-083 PETRELLA, GINO C	COND		Open	164,760	100,000	126,865	(37,895)	Reduce to opinion or 77% (Condo comps)
11	97055270	97-000	4209-031-228 SANOFF, NORMAN M.	SFR	1998-11-24	Reduced	134,869	98,000	107,000	(27,869)	Reduced 11-24-98
12	97050624	97-000	4209-031-234 SCHWARTZ, JACK A	COND	1999-01-06	Reduced	156,302	100,500	120,000	(36,302)	Reduced 1-6-99
13	97038085	97-000	4210-002-035 SHELTON, DAVID A. & CAROLYN B.	SFR	1999-01-06	Reduced	252,509	213,500	213,500	(39,009)	Reduced 1-6-99
14	98013808	98-000	4296-002-035 MINEO, SANDRA M	SFR		Open	287,720	240,000	287,720		0 Assume invalid (1997 appl invalid)
15	97061319	97-000	4296-002-035 MINEO, SANDRA M.	SFR	1998-09-04	Invalid	282,080	45,195	282,080		0 Invalidated 9-4-98
16	97018097	97-000	4296-003-032 YAMAMOTO, YOSHIFUMI	SFR	1999-02-16	Reduced	317,000	230,017	230,000	(87,000)	Reduced 2-16-99
17	97010982	97-000	4296-004-059 BERKOWITZ, MARTIN & JA	SFR	1999-01-06	Reduced	284,322	253,500	260,000	(24,322)	Reduced 1-6-99
18	97003776	97-000	4296-005-012 SOLOMON, LAURIE J	COND	1998-11-24	Reduced	109,574	75,000	75,000	(34,574)	Reduced 11-24-98
19	97033701	97-000	4296-005-031 RUDOF, RUTH SCHULTZ	SFR	1999-01-19	Reduced	172,191	135,500	135,000	(37,191)	Reduced 1-19-99
20	97007892	97-000	4296-006-008 AGRON, JEFFREY	SFR	1999-02-16	Reduced	155,000	98,215	98,200	(56,800)	Reduced 2-16-99
21	97019963	97-000	4296-006-061 LYONS, MARY S.	SFR	1999-02-19	Reduced	170,405	95,626	95,600	(74,805)	Reduced 2-19-99
22	97004289	97-000	4296-006-126 BEAUSOLEIL, LARRY J	SFR	1998-11-24	Reduced	156,536	100,000	140,000	(16,536)	Reduced 11-24-98
23	97005757	97-000	4296-007-031 SHANNON, JOHN H.	COND	1998-11-24	Reduced	134,000	91,559	91,500	(42,500)	Reduced 11-24-98
24	97007978	97-000	4296-007-057 MCCANTS, LINDA	SFR	1999-02-16	Reduced	140,436	94,751	94,700	(45,736)	Reduced 2-16-99
25	97009091	97-000	4296-008-034 ANGELO, STEVEN J.	SFR	1999-02-16	Reduced	118,000	63,022	63,000	(55,000)	Reduced 2-16-99
26	98019965	98-000	4296-009-089 TREBAOL, JEAN H.	SFR		Open	123,800	95,000	97,802	(25,998)	Reduce to opinion or 79% (SFR comps)
27	98004944	98-000	4296-009-112 RIETOW, WALTER C.	SFR		Open	113,153	85,000	89,391	(23,762)	Reduce to opinion or 79% (SFR comps)
28	97023202	97-000	4296-010-002 SHAO, YI-JUE	COND	1998-11-24	Withdrawn	120,000	88,000	120,000		0 Withdrawn 11-24-98
29	97012179	97-000	4296-010-009 WILSON, WINNIFRED L	COND	1999-02-16	Reduced	96,000	91,373	91,300	(4,700)	Reduced 2-16-99
30	98004996	98-000	4296-010-019 KATO, DAVID & TAMARA	SFR	1999-01-19	Reduced	166,100	103,247	131,219	(34,881)	Reduce to opinion or 79% (SFR comps)
31	97028070	97-000	4296-010-031 MOXLEY, YONG A & ROLLA	SFR		Open	116,268	84,000	108,000	(8,268)	Reduced 1-19-99
32	98002125	98-000	4296-010-058 LOHRLI, CHANCE W.	SFR	1999-02-19	Reduced	114,900	77,920	90,771	(24,129)	Reduce to opinion or 79% (SFR comps)
33	97025594	97-000	4296-010-071 BROWN, CHARLES H.	SFR		Open	150,000	90,436	112,000	(38,000)	Reduce to opinion or 79% (SFR comps)
34	98002135	98-000	4296-010-101 KEATING, PATRICIA J.	SFR		Open	102,228	84,569	84,569	(17,659)	Reduce to opinion or 79% (SFR comps)
35	97042553	97-000	4296-010-138 WILLIAMS, JACQUELYN M.	COND	1999-01-26	Reduced	87,800	77,000	77,000	(10,800)	Reduce 1-26-99
36	97008686	97-000	4296-011-051 GUTIERREZ, MARIA A	SFR	1999-02-16	Reduced	88,000	65,663	65,600	(22,400)	Reduce 2-16-99
37	97042554	97-002	4296-011-070 SCHOELLERMAN, WILLIAM	SFR		Open	115,000	107,000	107,000	(8,000)	Reduce to opinion or 79% (SFR comps)

Source: Los Angeles County Assessment Appeals Board, 1st Quarter 1999

Prepared by Keyser Marston Associates, Inc.

Filename: Rp2_0699: Appt0599: 9/13/99: GSH: Page 1 of 2

Table 4.2
Assessment Appeals Impact
Component Area No. 2
Culver City Redevelopment Agency

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
38	97009392	97-000	4296-011-070 SCHOELLERMAN, WILLIAM	SFR		Open	115,000	92,689	92,689	(22,311)	Reduce to opinion or 79% (SFR comps)
39	97042555	97-000	4296-011-074 LEGARE, FRANCINE & LOUISE	COND	1999-01-19	Reduced	95,000	79,500	79,500	(15,500)	Reduce 1-19-99
40	97042037	97-000	4296-011-090 MAXIMUM MANAGEMENT CORP	SFR	1998-11-24	Reduced	89,040	70,000	70,000	(19,040)	Reduce 11-24-98
41	98007259	98-000	4296-011-096 DENNY, REBECCA A.	SFR		Open	179,145	119,960	141,525	(37,620)	Reduce to opinion or 79% (SFR comps)
42	97030546	97-000	4296-011-121 BEHRMANN, MARIE L.	COND	1999-02-19	Reduced	79,356	60,943	60,900	(18,456)	Reduce 2-19-99
43	98012475	98-000	4296-011-122 HADLEY, ROBERT G.	SFR		Open	67,400	70,600	70,600	3,200	Reduce to opinion or 79% (SFR comps)
44	97009656	97-000	4296-011-122 HADLEY, ROBERT G.	SFR	1998-11-24	Reduced	89,037	73,888	67,400	(21,637)	Reduce 11-24-98
45	97015037	97-000	4296-011-128 THOMPSON, RANDALL L.	SFR	1999-02-16	Reduced	79,000	60,943	58,000	(21,000)	Reduce 2-19-99
46	97021547	97-000	4296-012-020 MASTERS, JULIE D.	SFR	1999-02-19	Reduced	93,529	72,560	73,000	(20,529)	Reduce 2-19-99
47	98006461	98-000	4296-012-062 HENDERSON, MALCOLM T	SFR		Open	135,000	150,000	135,000	0	Assume reduced to 1997 stipulation
48	97004511	97-000	4296-012-062 HENDERSON, MALCOLM T	SFR	1998-11-13	Reduced	153,322	121,560	135,000	(18,322)	Reduced 11-13-98
49	97009597	97-000	4296-012-107 HAYS, THERESA A.	SFR	1999-02-16	Reduced	130,000	93,899	93,800	(36,200)	Reduced 2-16-99
50	97011718	97-000	4296-012-117 MAURER, LESLIE C	SFR	1999-02-16	Reduced	111,700	61,913	61,900	(49,800)	Reduced 2-16-99
51	98007671	98-000	4296-012-128 BENMOSCHE, MOSS S	SFR		Open	102,238	74,174	80,768	(21,470)	Reduce to opinion or 79% (SFR comps)
52	97033750	97-000	4296-012-144 LINDAUER, ARTIE W.	SFR	1999-01-19	Reduced	100,000	80,500	80,500	(19,500)	Reduced 1-19-99
53	97017523	97-000	4296-012-148 DINA, YVONNE M.	SFR	1998-11-24	Withdrawn	145,056	102,477	145,056	0	Withdrawn 11-24-98
54	98004841	98-000	4296-012-150 COHEN, MARCIA F.	COND		Open	137,332	123,285	123,285	(14,047)	Reduce to opinion or 77% (Condo comps)
55	97031469	97-000	4296-013-002 KNOX, MARIAN	SFR	1998-11-24	Withdrawn	118,000	75,000	118,000	0	Withdrawn 11-24-98
56	97035512	97-000	4296-013-017 NOVAK, MIGUEL	SFR	1999-02-19	Reduced	86,000	67,853	67,800	(18,200)	Reduced 2-19-99
57	98015556	98-000	4296-013-075 LOPEZ, DON F	SFR		Open	115,300	81,336	91,087	(24,213)	Reduce to opinion or 79% (SFR comps)
58	97008488	97-000	4296-013-181 BOSSONE, JAMES R.	SFR	1999-02-16	Reduced	142,970	90,310	67,800	(75,170)	Reduced 2-16-99
59	97014320	97-000	4296-014-038 RAMANUJ, NAREN G	SFR	1999-02-16	Reduced	206,936	179,955	67,800	(139,136)	Reduced 2-16-99
60	97022440	97-000	4296-014-083 MINEO, FRANK A.	SFR	1998-11-24	Reduced	205,662	147,300	67,800	(137,862)	Reduced 11-24-98
61	97049005	97-000	4296-014-140 LEE, SANG H.	SFR	1999-02-19	Reduced	161,267	130,887	67,800	(93,467)	Reduced 2-19-99
62	97043029	97-000	4296-014-149 CHECHEL, CHRISTINA	COND	1999-01-12	Reduced	183,618	135,500	67,800	(115,818)	Reduced 1-12-99
UNSECURED APPEALS											
1	98019773	98-000	49110319 METLIFE CAPITAL, LTD. PTNSHP.	COML		Open	39,375	73,068	73,068	33,693	Reduce to opinion or 70% (Unsec comps)
2	98000911	96-000	49906859 DAB-G&K BUILDERS SUPPLY CO.	COML		Open	13,888	9	9,722	(4,166)	Reduce to opinion or 70% (Unsec comps)
3	98000912	95-000	49906860 DAB-G&K BUILDERS SUPPLY CO.	COML		Open	22,519	9	15,763	(6,756)	Reduce to opinion or 70% (Unsec comps)
4	98000910	94-000	49906861 DAB-G&K BUILDERS SUPPLY CO.	COML		Open	182,238	9	127,567	(54,671)	Reduce to opinion or 70% (Unsec comps)
Totals (for memorandum purposes only)							50,820,647	35,730,064	47,575,487	(1,927,935)	
Projected Value Change Resulting in FY 1999-2000 Tax Refund							22,528,522	16,265,488	22,082,036	(446,486)	
Projected FT 1999-2000 Tax Refund at 1%										(4,000)	
Projected Value Reduction Due to Identified Appeals							26,928,714	19,600,143	25,153,340	(1,775,374)	

Source: Los Angeles County Assessment Appeals Board, 1st Quarter 1999
 Prepared by Keyser Marston Associates, Inc.
 Filename: Rp2_0699: App10599: 9/13/99: GSH: Page 2 of 2

Table 4.3

Assessment Appeals Impact
Component Area No. 3
Culver City Redevelopment Agency

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
SECURED APPEALS											
1	98024832	98-020	4204-001-035 REYES, SARAH	APTS		Open	250,000	183,891	187,500	(62,500)	Reduce to opinion or 75% (Apt comps)
2	97045932	97-000	4205-004-018 HAKIMPOUR, AMIR	COML	1999-02-26	Reduced	330,494	220,000	230,000	(100,494)	Reduced 2-26-99
3	98010183	98-000	4205-004-030 TOYON LLC.	COML		Open	816,000	100,000	628,320	(187,680)	Reduce to opinion or 77% (Comm comps < \$1M)
4	98010233	97-010	4205-004-030 TOYON LLC.	COML		Open	800,000	100,000	616,000	(184,000)	Reduce to opinion or 77% (Comm comps < \$1M)
5	98010228	98-010	4205-004-030 TOYON LLC.	COML		Open	800,000	100,000	616,000	(184,000)	Reduce to opinion or 77% (Comm comps < \$1M)
6	97026670	97-000	4205-004-031 L O S ASSOCIATES	COML		Open	28,917	10,000	22,266	(6,651)	Reduce to opinion or 77% (Comm comps < \$1M)
7	98016251	98-002	4205-004-032 L O S ASSOCIATES	COML		Open	239,014	100,000	184,041	(54,973)	Reduce to opinion or 77% (Comm comps < \$1M)
8	98016211	98-000	4205-004-032 L O S ASSOCIATES	COML		Open	239,014	100,000	184,041	(54,973)	Reduce to opinion or 77% (Comm comps < \$1M)
9	97026675	97-000	4205-004-032 L O S ASSOCIATES	COML		Open	234,328	100,000	180,433	(53,895)	Reduce to opinion or 77% (Comm comps < \$1M)
10	97026674	97-000	4205-004-035 L O S ASSOCIATES	COML		Open	36,721	10,000	28,275	(8,446)	Reduce to opinion or 77% (Comm comps < \$1M)
11	98005353	98-000	4205-019-028 TOSTADO, JOSE A	SFR		Open	339,000	250,000	267,810	(71,190)	Reduce to opinion or 77% (SFR comps)
12	98010240	98-000	4206-021-002 SONY PICTURES STUDIOS INC	COML		Open	500,726	400,000	500,726	0	Assume withdrawn (1997 appl withdrawn)
13	97031587	97-000	4206-021-002 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	490,908	400,000	490,908	0	Withdrawn 11-18-98
14	98010240	98-000	4206-021-003 SONY PICTURES STUDIOS INC	COML		Open	774,233	700,000	774,233	0	Assume withdrawn (1997 appl withdrawn)
15	97031587	97-000	4206-021-003 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	759,052	700,000	759,052	0	Withdrawn 11-18-98
16	98010240	98-000	4206-021-004 SONY PICTURES STUDIOS INC	COML		Open	418,674	400,000	418,674	0	Assume withdrawn (1997 appl withdrawn)
17	97031587	97-000	4206-021-004 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	410,465	400,000	410,465	0	Withdrawn 11-18-98
18	98010240	98-000	4206-021-005 SONY PICTURES STUDIOS INC	COML		Open	1,535,844	1,200,000	1,535,844	0	Assume withdrawn (1997 appl withdrawn)
19	97031587	97-000	4206-021-005 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	1,505,730	1,200,000	1,505,730	0	Withdrawn 11-18-98
20	98010240	98-000	4206-021-006 SONY PICTURES STUDIOS INC	COML		Open	1,227,623	1,000,000	1,227,623	0	Assume withdrawn (1997 appl withdrawn)
21	97031587	97-000	4206-021-006 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	1,203,552	1,000,000	1,203,552	0	Withdrawn 11-18-98
22	98010240	98-000	4206-021-007 SONY PICTURES STUDIOS INC	COML		Open	1,430,648	1,100,000	1,430,648	0	Assume withdrawn (1997 appl withdrawn)
23	97031587	97-000	4206-021-007 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	1,402,597	1,100,000	1,402,597	0	Withdrawn 11-18-98
24	98010240	98-000	4206-021-008 SONY PICTURES STUDIOS INC	COML		Open	34,858,064	22,500,000	34,858,064	0	Assume withdrawn (1997 appl withdrawn)
25	97031587	97-000	4206-021-008 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	25,750,194	22,500,000	25,750,194	0	Withdrawn 11-18-98
26	98010240	98-000	4206-021-009 SONY PICTURES STUDIOS INC	COML		Open	774,233	700,000	774,233	0	Assume withdrawn (1997 appl withdrawn)
27	97031587	97-000	4206-021-009 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	759,052	700,000	759,052	0	Withdrawn 11-18-98
28	98010240	98-000	4206-021-010 SONY PICTURES STUDIOS INC	COML		Open	664,830	600,000	664,830	0	Assume withdrawn (1997 appl withdrawn)
29	97031587	97-000	4206-021-010 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	651,795	600,000	651,795	0	Withdrawn 11-18-98
30	98010240	98-000	4206-021-011 SONY PICTURES STUDIOS INC	COML		Open	1,148,727	1,100,000	1,148,727	0	Assume withdrawn (1997 appl withdrawn)
31	97031587	97-000	4206-021-011 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	1,126,203	1,100,000	1,126,203	0	Withdrawn 11-18-98
32	98010240	98-000	4206-021-012 SONY PICTURES STUDIOS INC	COML		Open	5,645,816	3,600,000	5,645,816	0	Assume withdrawn (1997 appl withdrawn)
33	97031587	97-000	4206-021-012 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	4,012,955	3,600,000	4,012,955	0	Withdrawn 11-18-98
34	98010240	98-000	4206-021-014 SONY PICTURES STUDIOS INC	COML		Open	1,429,596	1,200,000	1,429,596	0	Assume withdrawn (1997 appl withdrawn)
35	97031587	97-000	4206-021-014 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	1,401,565	1,200,000	1,401,565	0	Withdrawn 11-18-98
36	98010240	98-000	4206-021-015 SONY PICTURES STUDIOS INC	COML		Open	1,516,909	1,200,000	1,516,909	0	Assume withdrawn (1997 appl withdrawn)

Exhibit A

Table 4.3

**Assessment Appeals Impact
Component Area No. 3
Culver City Redevelopment Agency**

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
37	97031587	97-000	4206-021-015 SONY PICTURES PROPERTIES	COML	1998-11-18	Withdrawn	1,487,166	1,200,000	1,487,166		0 Withdrawn 11-18-98
38	98010240	98-000	4206-021-016 SONY PICTURES STUDIOS INC	COML		Open	678,506	600,000	678,506		0 Assume withdrawn (1997 appl withdrawn)
39	97031587	97-000	4206-021-016 SONY PICTURES PROPERTIES	COML	1998-11-18	Withdrawn	665,202	600,000	665,202		0 Withdrawn 11-18-98
40	98010241	98-000	4206-022-001 SONY PICTURES STUDIOS INC	COML		Open	2,840,257	2,400,000	2,840,257		0 Assume withdrawn (1997 appl withdrawn)
41	97031589	97-000	4206-022-001 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	2,784,567	1,650,000	2,784,567		0 Withdrawn 11-18-98
42	98010241	98-000	4206-022-002 SONY PICTURES STUDIOS INC	COML		Open	38,152,000	35,000,000	38,152,000		0 Assume withdrawn (1997 appl withdrawn)
43	97031589	97-000	4206-022-002 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	38,152,000	27,000,000	38,152,000		0 Withdrawn 11-18-98
44	98010241	98-000	4206-022-003 SONY PICTURES STUDIOS INC	COML		Open	2,877,076	2,300,000	2,877,076		0 Assume withdrawn (1997 appl withdrawn)
45	97031589	97-000	4206-022-003 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	2,820,664	1,700,000	2,820,664		0 Withdrawn 11-18-98
46	98010241	98-000	4206-022-004 SONY PICTURES STUDIOS INC	COML		Open	376,595	300,000	376,595		0 Assume withdrawn (1997 appl withdrawn)
47	97031589	97-000	4206-022-004 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	369,212	310,000	369,212		0 Assume withdrawn (1997 appl withdrawn)
48	98010241	98-000	4206-022-005 SONY PICTURES STUDIOS INC	COML		Open	374,491	300,000	374,491		0 Withdrawn 11-18-98
49	97031589	97-000	4206-022-005 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	367,149	290,000	367,149		0 Assume withdrawn (1997 appl withdrawn)
50	98010241	98-000	4206-023-002 SONY PICTURES STUDIOS INC	COML		Open	1,123,478	800,000	1,123,478		0 Withdrawn 11-18-98
51	97031589	97-000	4206-023-002 SONY PICTURES STUDIOS INC	COML	1998-11-18	Withdrawn	1,101,450	650,000	1,101,450		0 Assume withdrawn (1997 appl withdrawn)
52	98007281	98-000	4206-023-008 TAY, LESLIE	APTS		Open	326,697	220,000	326,697		0 Withdrawn 11-18-98
53	98009792	98-000	4206-023-013 MILDER, DANIEL D.	APTS		Open	352,867	270,000	352,867		(81,674) Reduce to opinion or 75% (Apt comps)
54	98005792	98-000	4206-023-014 MILDER, DANIEL D. EL AL	APTS		Open	434,299	300,000	434,299		(82,867) Reduce to opinion or 75% (Apt comps)
55	98006832	98-000	4206-028-005 BANK OF AMERICA (AS AFFECTED	COML		Open	250,000	126,000	250,000		(108,575) Reduce to opinion or 75% (Apt comps)
56	97009836	97-000	4206-028-005 BANK OF AMERICA	COML	1999-01-11	Withdrawn	250,000	125,000	250,000		0 Assume withdrawn (1997 appl withdrawn)
57	98006832	98-000	4206-028-016 BANK OF AMERICA (AS AFFECTED	COML		Open	1,271,062	770,000	1,271,062		0 Withdrawn 1-11-99
58	97009836	97-000	4206-028-016 BANK OF AMERICA	COML	1999-01-11	Withdrawn	1,246,140	622,000	1,246,140		0 Assume withdrawn (1997 appl withdrawn)
59	98000635	98-000	4206-029-028 TLI BUSINESS EXCHANGE INC.	COML		Open	2,850,000	1,599,912	2,194,500		0 Withdrawn 1-11-99
60	97043682	97-000	4206-032-028 JIZHAK, ABRAHAM & JEANNETTE	COML	1999-02-26	Reduced	803,464	650,000	580,000		(655,500) Reduce to opinion or 77% (Comm'l comps \$1M-\$
61	97043682	97-000	4206-032-036 JIZHAK, ABRAHAM & JEANNETTE	COML	1999-02-26	Reduced	22,148	20,000	20,000		(223,464) Reduced 2-26-99
62	98020917	98-000	4207-002-015 BROTMAN PARTNERS LP	COML		Open	620,168	225,000	620,168		(2,148) Reduced 2-26-99
63	97054377	97-000	4207-002-015 BROTMAN PARTNERS LP	COML		Open	608,008	350,000	608,008		0 Assume withdrawn (1995 appl withdrawn)
64	98020917	98-000	4207-002-027 BROTMAN PARTNERS LP	COML		Open	13,813,964	7,500,000	13,813,964		0 Assume withdrawn (1995 appl withdrawn)
65	97054378	97-000	4207-002-027 BROTMAN PARTNERS LP	COML		Open	21,816,240	20,500,000	21,816,240		0 Assume withdrawn (1995 appl withdrawn)
66	98020917	98-000	4207-003-006 BROTMAN PARTNERS LP	COML		Open	545,312	225,000	545,312		0 Assume withdrawn (1995 appl withdrawn)
67	98020917	98-000	4207-003-007 BROTMAN PARTNERS LP	COML		Open	352,569	175,100	352,569		0 Assume withdrawn (1995 appl withdrawn)
68	98020917	98-000	4207-003-008 BROTMAN PARTNERS LP	COML		Open	320,836	175,100	320,836		0 Assume withdrawn (1995 appl withdrawn)
69	98020917	98-000	4207-003-014 BROTMAN PARTNERS LP	COML		Open	4,235,621	2,000,000	4,235,621		0 Assume withdrawn (1995 appl withdrawn)
70	97054379	97-000	4207-003-014 BROTMAN PARTNERS LP	COML		Open	4,152,570	2,250,000	4,152,570		0 Assume withdrawn (1995 appl withdrawn)
71	98020917	98-000	4207-003-015 BROTMAN PARTNERS LP	COML		Open	3,472,879	1,800,000	3,472,879		0 Assume withdrawn (1995 appl withdrawn)
72	97054380	97-000	4207-003-015 BROTMAN PARTNERS LP	COML		Open	3,404,784	2,000,000	3,404,784		0 Assume withdrawn (1995 appl withdrawn)
73	98020917	98-000	4207-006-003 BROTMAN PARTNERS LP	COML		Open	358,447	150,000	358,447		0 Assume withdrawn (1995 appl withdrawn)

Exhibit A

Source: Los Angeles County Assessment Appeals Board, 1st Quarter 1999
 Prepared by Keyser Marston Associates, Inc.
 Filename: Rp3_0699; App10599; 9/13/99; GSH: Page 2 of 6

Table 4.3

Assessment Appeals Impact
Component Area No. 3
Culver City Redevelopment Agency

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
74	98010207	98-000	4207-006-030 FILMLAND DEVELOPMENT INC.	COML		Open	81,431,694	60,000,000	54,822,110	(26,609,584)	Assume reduced to 1996 stipulation
75	97031539	97-000	4207-006-030 FILMLAND DEVELOPMENT	COML		Open	81,542,523	55,400,000	54,822,110	(26,720,413)	Assume reduced to 1996 stipulation
76	98021115	98-000	4207-007-043 BYERS FAMILY TRUST	COML		Open	5,393,819	539,381	5,393,819	0	Assume denied (1996 appl denied)
77	97048707	97-000	4207-007-043 BYERS FAMILY TRUST	COML		Open	5,288,059	4,150,000	5,288,059	0	Assume denied (1996 appl denied)
78	97020384	97-000	4207-008-025 CARTER, PHILIP	SFR	1999-02-24	Reduced	862,214	500,000	500,000	(362,214)	Reduced 2-24-99
79	98001428	98-000	4207-010-003 LEFKOWITZ, SAM	APTS		Open	185,871	130,000	139,403	(46,468)	Reduce to opinion or 75% (Apt comps)
80	98010184	98-000	4208-001-034 LOT, INC.	COML		Open	885,970	600,000	682,197	(203,773)	Reduce to opinion or 77% (Comml comps < \$1M)
81	97031591	97-000	4208-001-034 LOT, INC.	COML	1998-11-18	Withdrawn	868,599	500,000	868,599	0	Withdrawn 11-18-98
82	97031591	97-000	4208-001-035 LOT, INC.	COML		Open	14,402,657	9,000,000	14,402,657	0	Assume withdrawn (1997 appl withdrawn)
83	97031591	97-000	4208-001-035 LOT, INC.	COML		Open	14,120,252	9,000,000	14,120,252	0	Withdrawn 11-18-98
84	98010239	98-000	4208-003-001 SONY PICTURES STUDIOS INC	COML		Open	1,071,000	2,000,000	1,071,000	0	Assume reduced to 1996 stipulation
85	97060568	97-002	4208-003-001 SONY PICTURES PROPERTIES	COML		Open	2,409,166	1,437,000	1,071,000	(1,338,166)	Assume reduced to 1996 stipulation
86	97031590	97-000	4208-003-001 SONY PICTURES PROPERTIES	COML		Open	1,437,000	1,000,000	1,071,000	(366,000)	Assume reduced to 1996 stipulation
87	97060567	96-002	4208-003-001 SONY PICTURES PROPERTIES	COML		Open	2,361,929	1,437,000	1,071,000	(1,290,929)	Assume reduced to 1996 stipulation
88	98010239	98-000	4208-003-022 SONY PICTURES STUDIOS INC	COML		Open	62,000	30,000	47,740	(14,260)	Reduce to opinion or 77% (Comml comps < \$1M)
89	97060568	97-002	4208-003-022 SONY PICTURES PROPERTIES	COML		Open	247,515	213,000	213,000	(34,515)	Reduce to opinion or 77% (Comml comps < \$1M)
90	97031590	97-000	4208-003-022 SONY PICTURES PROPERTIES	COML		Open	213,000	100,000	164,010	(48,990)	Reduce to opinion or 77% (Comml comps < \$1M)
91	97060567	96-002	4208-003-022 SONY PICTURES PROPERTIES	COML		Open	242,663	213,000	213,000	(29,663)	Reduce to opinion or 77% (Comml comps < \$1M)
92	98010184	98-000	4208-010-007 LOT, INC.	COML		Open	133,370,527	105,500,000	133,370,527	0	Assume withdrawn (1997 appl withdrawn)
93	97031591	97-000	4208-010-007 LOT, INC.	COML	1998-11-18	Withdrawn	130,851,223	81,000,000	130,851,223	0	Withdrawn 11-18-98
94	98010184	98-000	4208-010-008 LOT, INC.	COML		Open	450,404	400,000	450,404	0	Assume withdrawn (1997 appl withdrawn)
95	97031591	97-000	4208-010-008 LOT, INC.	COML	1998-11-18	Withdrawn	441,573	400,000	441,573	0	Withdrawn 11-18-98
96	98010184	98-000	4208-010-009 LOT, INC.	COML		Open	699,143	600,000	699,143	0	Assume withdrawn (1997 appl withdrawn)
97	97031591	97-000	4208-010-009 LOT, INC.	COML		Open	685,435	600,000	685,435	0	Withdrawn 11-18-98
98	98014638	98-000	4208-014-041 KAHN, PAUL L	COML	1998-11-18	Withdrawn	399,094	170,000	307,302	(91,792)	Reduce to opinion or 77% (Comml comps < \$1M)
99	98010041	98-000	4208-015-031 WINCHELL'S DONUT HOUSES	COML		Open	389,713	155,100	389,713	0	Assume withdrawn (1996 appl withdrawn)
100	97051903	97-002	4208-015-031 WINCHELL'S DONUT HOUSES	COML		Open	382,073	155,100	382,073	0	Assume withdrawn (1996 appl withdrawn)
101	97007346	97-000	4208-015-031 ZIGMAN, ROBERT M	COML		Open	382,073	130,000	382,073	0	Withdrawn 11-18-98
102	98010365	98-000	4208-016-009 CENTER PROPERTIES	COML		Open	99,473	92,822	99,473	0	Assume withdrawn (1997 appl withdrawn)
103	97026811	97-000	4208-016-009 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	97,524	0	97,524	0	Withdrawn 10-14-98
104	98010365	98-000	4208-016-010 CENTER PROPERTIES	COML		Open	247,103	230,085	247,103	0	Assume withdrawn (1997 appl withdrawn)
105	97026811	97-000	4208-016-010 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	242,259	0	242,259	0	Withdrawn 10-14-98
106	98010365	98-000	4208-016-011 CENTER PROPERTIES	COML		Open	70,367	65,521	70,367	0	Assume withdrawn (1997 appl withdrawn)
107	97026811	97-000	4208-016-011 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	68,988	0	68,988	0	Withdrawn 10-14-98
108	98010365	98-000	4208-016-012 CENTER PROPERTIES	COML		Open	554,129	515,967	554,129	0	Assume withdrawn (1997 appl withdrawn)
109	97026811	97-000	4208-016-012 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	543,265	0	543,265	0	Withdrawn 10-14-98
110	98010365	98-000	4208-016-013 CENTER PROPERTIES	COML		Open	149,435	139,144	149,435	0	Assume withdrawn (1997 appl withdrawn)

Source: Los Angeles County Assessment Appeals Board, 1st Quarter 1999
Prepared by Keyser Marston Associates, Inc.
Filename: Rp3_0699; App0599; 9/13/99; GSH; Page 3 of 6

Table 4.3
Assessment Appeals Impact
Component Area No. 3
Culver City Redevelopment Agency

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
111	97026811	97-000	4208-016-013 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	146,506	0	146,506	0	Withdrawn 10-14-98
112	98010365	98-000	4208-016-015 CENTER PROPERTIES	COML		Open	2,005,215	1,867,119	2,005,215	0	Assume withdrawn (1997 appl withdrawn)
113	97026811	97-000	4208-016-015 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	1,951,439	0	1,951,439	0	Withdrawn 10-14-98
114	98010365	98-000	4208-016-016 CENTER PROPERTIES	COML		Open	1,714,223	1,596,167	1,714,223	0	Assume withdrawn (1997 appl withdrawn)
115	97026811	97-000	4208-016-016 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	1,659,032	0	1,659,032	0	Withdrawn 10-14-98
116	98010365	98-000	4208-016-017 CENTER PROPERTIES	COML		Open	1,897,574	1,766,891	1,897,574	0	Assume withdrawn (1997 appl withdrawn)
117	97026811	97-000	4208-016-017 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	1,827,225	0	1,827,225	0	Withdrawn 10-14-98
118	98010365	98-000	4208-016-018 CENTER PROPERTIES	COML		Open	872,504	812,416	872,504	0	Assume withdrawn (1997 appl withdrawn)
119	97026811	97-000	4208-016-018 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	855,397	22,000,000	855,397	0	Withdrawn 10-14-98
120	98010365	98-000	4208-016-024 CENTER PROPERTIES	COML		Open	557,997	519,569	557,997	0	Assume withdrawn (1997 appl withdrawn)
121	97026811	97-000	4208-016-024 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	547,057	0	547,057	0	Withdrawn 10-14-98
122	97026811	97-000	4208-016-025 CENTER PROPERTIES	COML		Open	2,620,151	2,439,708	2,620,151	0	Assume withdrawn (1997 appl withdrawn)
123	97026811	97-000	4208-016-025 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	2,562,378	0	2,562,378	0	Withdrawn 10-14-98
124	98010365	98-000	4208-016-026 CENTER PROPERTIES	COML		Open	1,279,319	1,191,215	1,279,319	0	Assume withdrawn (1997 appl withdrawn)
125	97026811	97-000	4208-016-026 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	1,254,235	0	1,254,235	0	Withdrawn 10-14-98
126	98010365	98-000	4208-017-003 CENTER PROPERTIES	COML		Open	33,602	31,298	33,602	0	Assume withdrawn (1997 appl withdrawn)
127	97026811	97-000	4208-017-003 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	32,944	0	32,944	0	Withdrawn 10-14-98
128	98010365	98-000	4208-017-021 CENTER PROPERTIES	COML		Open	476,108	443,319	476,108	0	Assume withdrawn (1997 appl withdrawn)
129	97026811	97-000	4208-017-021 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	466,773	0	466,773	0	Withdrawn 10-14-98
130	98010365	98-000	4208-017-022 CENTER PROPERTIES	COML		Open	846,397	788,107	846,397	0	Assume withdrawn (1997 appl withdrawn)
131	97026811	97-000	4208-017-022 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	829,802	0	829,802	0	Withdrawn 10-14-98
132	98010365	98-000	4208-017-024 CENTER PROPERTIES	COML		Open	842,834	784,790	842,834	0	Assume withdrawn (1997 appl withdrawn)
133	97026811	97-000	4208-017-024 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	826,309	0	826,309	0	Withdrawn 10-14-98
134	98010365	98-000	4208-017-025 CENTER PROPERTIES	COML		Open	1,717,984	1,599,669	1,717,984	0	Assume withdrawn (1997 appl withdrawn)
135	97026811	97-000	4208-017-025 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	1,684,299	0	1,684,299	0	Withdrawn 10-14-98
136	98010365	98-000	4208-017-026 CENTER PROPERTIES	COML		Open	613,873	571,597	613,873	0	Assume no show (1995 appl no show)
137	98010365	98-000	4208-017-027 CENTER PROPERTIES	COML		Open	603,700	562,124	603,700	0	Assume no show (1995 appl no show)
138	98010365	98-000	4208-017-028 CENTER PROPERTIES	COML		Open	35,749	33,287	35,749	0	Assume withdrawn (1997 appl withdrawn)
139	97026811	97-000	4208-017-028 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	35,049	0	35,049	0	Withdrawn 10-14-98
140	98010365	98-000	4208-017-030 CENTER PROPERTIES	COML		Open	1,071,692	997,886	1,071,692	0	Assume withdrawn (1997 appl withdrawn)
141	97026811	97-000	4208-017-030 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	1,050,679	0	1,050,679	0	Withdrawn 10-14-98
142	98010365	98-000	4208-017-032 CENTER PROPERTIES	COML		Open	1,755,844	1,634,922	1,755,844	0	Assume withdrawn (1997 appl withdrawn)
143	97026811	97-000	4208-017-032 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	1,721,416	0	1,721,416	0	Withdrawn 10-14-98
144	98010365	98-000	4208-017-033 CENTER PROPERTIES	COML		Open	78,719	73,298	78,719	0	Assume withdrawn (1997 appl withdrawn)
145	97026811	97-000	4208-017-033 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	77,176	0	77,176	0	Withdrawn 10-14-98
146	98010365	98-000	4208-017-034 CENTER PROPERTIES	COML		Open	904,317	842,038	904,317	0	Assume withdrawn (1997 appl withdrawn)
147	97026811	97-000	4208-017-034 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	886,586	0	886,586	0	Withdrawn 10-14-98

Exhibit A

Table 4.3

Assessment Appeals Impact

Component Area No. 3

Culver City Redevelopment Agency

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
148	98010365	98-000	4208-017-035 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	308,124	286,904	308,124	0	Assume withdrawn (1997 appl withdrawn)
149	97026811	97-000	4208-017-035 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	302,083	0	302,083	0	Withdrawn 10-14-98
150	98010365	98-000	4208-017-039 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	12,261	11,417	12,261	0	Assume withdrawn (1997 appl withdrawn)
151	97026811	97-000	4208-017-039 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	12,021	0	12,021	0	Withdrawn 10-14-98
152	98010365	98-000	4208-017-042 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	51,508	47,961	51,508	0	Assume withdrawn (1997 appl withdrawn)
153	97026811	97-000	4208-017-042 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	50,499	0	50,499	0	Withdrawn 10-14-98
154	98010365	98-000	4208-017-045 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	977,736	910,401	977,736	0	Assume withdrawn (1997 appl withdrawn)
155	97026811	97-000	4208-017-045 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	958,566	0	958,566	0	Withdrawn 10-14-98
156	98010365	98-000	4208-017-046 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	21,946	20,435	21,946	0	Assume withdrawn (1997 appl withdrawn)
157	97026811	97-000	4208-017-046 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	21,517	0	21,517	0	Withdrawn 10-14-98
158	98010365	98-000	4208-017-047 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	47,639	44,358	47,639	0	Assume withdrawn (1997 appl withdrawn)
159	97026811	97-000	4208-017-047 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	46,706	0	46,706	0	Withdrawn 10-14-98
160	98010365	98-000	4208-017-048 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	2,233,600	2,079,776	2,233,600	0	Assume withdrawn (1997 appl withdrawn)
161	97026811	97-000	4208-017-048 CENTER PROPERTIES	COML	1998-10-14	Withdrawn	2,189,805	0	2,189,805	0	Assume withdrawn (1997 appl withdrawn)
162	97014074	97-000	4208-019-014 GOLDSTEIN FAMILY TRUST	APTS	1998-11-20	Withdrawn	286,221	625,000	200,000	(86,221)	Assume reduced to 1996 stipulation
163	97014074	97-000	4208-019-015 GOLDSTEIN FAMILY TRUST	APTS	1998-11-20	Withdrawn	337,104	0	220,000	(117,104)	Assume reduced to 1996 stipulation
164	97014074	97-000	4208-019-031 GOLDSTEIN FAMILY TRUST	APTS	1998-11-20	Withdrawn	394,354	0	230,000	(164,354)	Assume reduced to 1996 stipulation
165	97041786	97-000	4208-020-001 PIERCE BROTHERS/SICI	VAC	1998-11-20	Withdrawn	187,000	106,000	187,000	0	Withdrawn 11-20-98
166	98009746	98-000	4208-032-042 PALM COURT	BPF	1998-11-20	Withdrawn	8,455,028	0	8,455,028	0	Assume withdrawn (1996 appl withdrawn)
167	98016128	98-000	4209-024-038 TOSCO MARKETING	COML	1998-11-20	Withdrawn	1,045,500	818,000	1,045,500	0	Assume withdrawn (1995 appl withdrawn)
168	98021667	98-000	4312-018-017 SHEMIAN, MORRIS	COML	1998-11-20	Withdrawn	230,000	350,000	230,000	0	Already reduced per 1996 stipulation.
169	98021667	98-000	4312-018-018 SHEMIAN, MORRIS	COML	1998-11-20	Withdrawn	135,000	0	135,000	0	Already reduced per 1996 stipulation.
170	98021633	98-000	4312-018-020 SHEMIAN, MORRIS	VAC	1998-11-20	Withdrawn	131,033	300,000	300,000	168,967	Reduce to opinion or 80% (Vacant comps < \$1M)
171	98684038	96-000	4312-018-021 SHEMIAN, MORRIS	COML	1998-11-20	Withdrawn	125,947	17,922	96,979	(28,968)	Reduce to opinion or 77% (Comm'l comps < \$1M)
172	98021633	98-000	4312-018-022 SHEMIAN, MORRIS	VAC	1998-11-20	Withdrawn	131,033	0	131,033	0	Assume no show (1996 appl no show)
173	98021633	98-000	4312-018-022 SHEMIAN, MORRIS	VAC	1998-11-20	Withdrawn	253,257	0	253,257	0	Assume no show (1996 appl no show)
174	98021667	98-000	4312-018-040 SHEMIAN, MORRIS	COML	1998-11-20	Withdrawn	65,000	0	65,000	0	Already reduced per 1996 stipulation.
175	98021633	98-000	4312-018-041 SHEMIAN, MORRIS	VAC	1998-11-20	Withdrawn	131,033	0	131,033	0	Assume no show (1996 appl no show)
176	98015001	98-000	4312-020-013 TUCKER, FRANK	COML	1998-11-20	Withdrawn	462,856	200,000	356,399	(106,457)	Reduce to opinion or 77% (Comm'l comps < \$1M)
177	98024410	97-010	5065-004-002 FNB REAL ESTATE CORPORATION	COML	1998-12-15	Withdrawn	940,000	800,000	940,000	0	Assume withdrawn (1997 appl withdrawn)
178	97030017	97-000	5065-004-002 FNB REAL ESTATE CORPORATION	COML	1998-12-15	Withdrawn	5,156	5,140	5,156	0	Withdrawn 12-15-98
179	98024411	96-010	5065-004-002 FNB REAL ESTATE CORPORATION	COML	1998-12-15	Withdrawn	940,000	800,000	940,000	0	Assume withdrawn (1997 appl withdrawn)
180	98024410	97-010	5065-004-016 FNB REAL ESTATE CORPORATION	COML	1998-12-15	Withdrawn	60,000	0	60,000	0	Assume withdrawn (1997 appl withdrawn)
181	97030017	97-000	5065-004-016 FNB REAL ESTATE CORPORATION	COML	1998-12-15	Withdrawn	872,444	670,000	872,444	0	Withdrawn 12-15-98
182	98024411	96-010	5065-004-016 FNB REAL ESTATE CORPORATION	COML	1998-12-15	Withdrawn	60,000	0	60,000	0	Assume withdrawn (1997 appl withdrawn)
183	97026412	97-000	5065-014-002 COOK, JARED	COML	1998-12-15	Withdrawn	530,012	180,000	408,109	(121,903)	Reduce to opinion or 77% (Comm'l comps < \$1M)
184	98008727	98-000	5065-020-001 FERRER, EDWARD E.	COML	1998-12-15	Withdrawn	502,676	300,000	387,061	(115,615)	Reduce to opinion or 77% (Comm'l comps < \$1M)

Exhibit A

Source: Los Angeles County Assessment Appeals Board, 1st Quarter 1999

Prepared by Keyser Marston Associates, Inc.

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Table 4.3
Assessment Appeals Impact
Component Area No. 3
Culver City Redevelopment Agency

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
185	97010259	97-000	5065-020-002 SIEGEL, BRYAN	COML	1999-02-03	Reduced	412,305	250,000	250,000	(162,305)	Reduced 2-3-99
186	97010260	97-000	5065-020-003 SIEGEL, BRYAN	COML	1999-02-03	Reduced	374,000	250,000	250,000	(124,000)	Reduced 2-3-99
187	98022339	97-010	5065-021-039 DUNN, EDWARDS CORP.	COML		Open	221,000	100,500	170,170	(50,830)	Reduce to opinion or 77% (Comml comps < \$1M)
UNSECURED APPEALS											
1	97022979	97-000	40753844 AMERICAN CABLES SYSTEMS OF CA	COML	1998-11-18	Increased	1,041,548	260,388	1,553,662	512,114	Increased 11-18-98
2	9678216	96-000	40782027 AMERICAN CABLES SYSTEMS OF CALIF	COML	1998-11-18	Increased	1,342,722	336,000	1,890,963	548,241	Increased 11-18-98
3	9555418	95-000	44603319 AMERICAN CABLES SYSTEMS OF CALIF	COML	1998-11-18	Increased	301,537	113,232	406,956	105,419	Increased 11-18-98
4	97032230	97-000	40765392 AUTOMATED STUDIO LIGH	OTHR		Open	1,783,161	800,000	1,426,529	(356,632)	Reduce to opinion or 80% (Unsec comps > \$1M)
5	97032228	97-000	40792862 ELP COMMUNICATIONS	OTHR		Open	3,681,952	2,006,000	2,945,562	(736,390)	Reduce to opinion or 80% (Unsec comps > \$1M)
6	97032205	97-000	40772799 GAME SHOW NETWORK	OTHR		Open	5,506,482	3,520,000	4,405,194	(1,101,298)	Reduce to opinion or 80% (Unsec comps > \$1M)
7	98000127	98-000	40761473 MEDIAONE OF LOS ANGELES	COML	1998-11-18	Increased	2,961,509	740,000	3,581,587	620,078	Increased 11-18-98
8	98000920	97-000	49906833 PALM COURT	COML		Open	164,446	9	115,112	(49,334)	Reduce to opinion or 70% (Unsec comps < \$1M)
9	98000919	98-000	49906834 PALM COURT	COML		Open	183,632	9	128,542	(55,090)	Reduce to opinion or 70% (Unsec comps < \$1M)
10	98000918	95-000	49906835 PALM COURT	COML		Open	202,817	9	141,972	(60,845)	Reduce to opinion or 70% (Unsec comps < \$1M)
11	98000917	94-000	49906836 PALM COURT	COML		Open	219,262	9	153,483	(65,779)	Reduce to opinion or 70% (Unsec comps < \$1M)
12	9635702	96-000	40793256 SONY HIGH DEFINITION FACILITIES	COML		Open	12,373,508	5,389,617	12,373,508	0	Assume withdrawn (1995 appl withdrawn)
13	97032204	97-000	40793294 SONY HIGH DEFINITION FACILITIES	OTHR		Open	11,642,235	9,045,000	11,642,235	0	Assume withdrawn (1995 appl withdrawn)
14	97032206	97-000	40771348 SONY PICTURE IMAGE WORK INC.	OTHR		Open	19,651,404	12,050,000	19,651,404	0	Assume withdrawn (1996 appl withdrawn)
15	97032207	97-000	40764895 SONY PICTURES STUDIOS INC.	OTHR		Open	26,980,171	18,500,000	26,980,171	0	Assume withdrawn (1996 appl withdrawn)
16	97061481	97-000	49903996 SOUTHERN CAL GRAPHICS	COML	1999-03-17	Withdrawn	832,557	200	832,557	0	Withdrawn 3-17-99
17	97061481	96-000	49903997 SOUTHERN CAL GRAPHICS	COML	1999-03-17	Withdrawn	763,318	100	763,318	0	Withdrawn 3-17-99
18	97061481	95-000	49903998 SOUTHERN CAL GRAPHICS	COML	1999-03-17	Reduced	2,549,041	200	2,454,816	(94,225)	Reduced 3-17-99
19	97061481	94-000	49903999 SOUTHERN CAL GRAPHICS	COML	1999-03-17	Reduced	918,035	100	786,883	(131,352)	Reduced 3-17-99
20	97032229	97-000	40773392 THE CULVER STUDIO INC.	OTHR		Open	4,664,240	3,000,000	4,664,240	0	Assume withdrawn (1995 appl withdrawn)
21	98005080	98-000	40739300 WESTWOOD ONE RADIO, INC.	COML		Open	1,046,453	417,000	837,162	(209,291)	Reduce to opinion or 80% (Unsec comps > \$1M)
22	98001606	97-000	49906804 WESTWOOD ONE RADIO, INC.	COML		Open	2,654,510	438,000	2,123,608	(530,902)	Reduce to opinion or 80% (Unsec comps > \$1M)
23	98001605	96-000	49906805 WESTWOOD ONE RADIO, INC.	COML		Open	2,807,322	491,000	2,245,858	(561,464)	Reduce to opinion or 80% (Unsec comps > \$1M)
24	98001604	95-000	49906806 WESTWOOD ONE RADIO, INC.	COML		Open	2,931,243	507,000	2,344,994	(586,249)	Reduce to opinion or 80% (Unsec comps > \$1M)
25	98001603	94-000	49906807 WESTWOOD ONE RADIO, INC.	COML		Open	3,125,359	576,000	2,500,287	(625,072)	Reduce to opinion or 80% (Unsec comps > \$1M)
Totals (for memorandum purposes only)							2,479,367,113	1,711,469,277	999,300,269	(63,566,658)	

Projected Value Change Resulting in FY 1999-2000 Tax Refund	639,969,236	448,130,279	577,602,780	(62,366,456)
Projected FT 1999-2000 Tax Refund at 1%				(624,000)

Projected Value Reduction Due to Identified Appeals	413,894,008	303,046,124	384,450,721	(29,443,287)

Source: Los Angeles County Assessment Appeals Board, 1st Quarter 1999
Prepared by Keyser Marston Associates, Inc.
Filename: Rp3_0699; Appl0599; 9/13/99; GSH; Page 6 of 6

Table 4.4
Assessment Appeals Impact
Component Area No. 4
Culver City Redevelopment Agency

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
SECURED APPEALS											
1	9658842	96-000	4203-015-031 KFC	COML	1998-09-03	Reduced	402,012	600,000	257,000	(145,012)	Reduced 9-3-98
2	9658842	96-000	4203-015-032 KFC	COML	1998-09-03	Reduced	900,000	0	743,000	(157,000)	Reduced 9-3-98
3	97048617	97-000	4207-031-008 JEFFERSON REGAL PROP	COML	1999-02-03	Reduced	2,515,000	2,000,000	2,300,000	(215,000)	Reduced 2-3-99
4	97010189	97-000	4213-004-015 POWELL, RUTH M.	APTS		Open	858,681	640,000	644,011	(214,670)	Reduce to opinion or 75% (Apl comps)
5	98009762	98-000	4213-017-004 WESTWOOD FINANCIAL ATTN: R.	COML		Open	625,000	330,000	625,000	0	Already reduced per 1997 stipulation.
6	97054331	97-000	4213-017-004 WESTWOOD FINANCIAL CORPORATION	COML	1998-11-20	Reduced	750,000	330,000	625,000	(125,000)	Reduced 11-20-98
7	97004645	97-000	4213-017-036 MDR MIRAGE INC.	OTHR	1998-12-10	Reduced	2,000,000	1,312,000	1,750,000	(250,000)	Reduced 12-10-98
8	98003118	98-000	4213-018-020 SUNBURST MOTEL	COML		Open	1,820,700	892,500	892,500	(928,200)	Assume reduced to 1997 stipulation
9	97000154	97-000	4213-018-020 SUNBURST MOTEL	COML	1999-02-04	Reduced	1,785,000	875,000	892,500	(892,500)	Reduced 2-4-99
10	97000154	96-010	4213-018-020 SUNBURST MOTEL	COML	1999-02-04	Reduced	1,750,000	875,000	875,000	(875,000)	Reduced 2-4-99
11	97000154	95-010	4213-018-020 SUNBURST MOTEL	COML	1999-02-04	Reduced	1,750,000	875,000	875,000	(875,000)	Reduced 2-4-99
12	98012021	98-000	4213-019-010 JOFFE, MAURICE J & BERNICE L	COML		Open	779,190	400,000	599,976	(179,214)	Reduce to opinion or 77% (Comml comps < \$1M)
13	97010097	97-000	4215-015-025 RODRIGUEZ, INES R. & MARY B.	COML		Open	390,932	150,000	390,932	0	Assume withdrawn (1997 appl withdrawn)
14	97036707	97-000	4216-029-008 PILJOO JUN	COML		Open	670,000	300,000	670,000	0	Already reduced per 1996 stipulation.
15	97037369	97-000	4230-008-023 NOPARAST, DARYOOSH	COML	1998-11-20	Reduced	107,879	300,000	80,500	(27,379)	Reduced 11-20-98
16	97037369	97-000	4230-008-058 NOPARAST, DARYOOSH	COML	1998-11-20	Reduced	210,972	0	154,000	(56,972)	Reduced 11-20-98
17	98014962	98-000	4230-017-001 RODRIGUEZ, ENRIQUE	COML		Open	630,966	270,000	485,844	(145,122)	Reduce to opinion or 77% (Comml comps < \$1M)
18	98009604	98-000	4230-023-005 TALYA ENTERPRISES, INC.	COML		Open	125,000	55,000	125,000	0	Already reduced per 1997 stipulation.
19	97020802	97-000	4230-023-005 ESLAMIEH, MOHAMMAD R.	COML	1998-09-10	Reduced	141,024	52,800	125,000	(16,024)	Reduced 9-10-98
20	98017139	98-000	4230-023-027 RECO CORP.	COML		Open	404,998	285,000	311,848	(93,150)	Reduce to opinion or 77% (Comml comps < \$1M)
21	97050240	97-000	4230-023-027 CRUMMER, KEITH	COML		Open	397,058	285,000	305,735	(91,323)	Reduce to opinion or 77% (Comml comps < \$1M)
22	98009604	98-000	4230-023-036 TALYA ENTERPRISES, INC.	COML		Open	620,000	440,000	620,000	0	Already reduced per 1997 stipulation.
23	97020801	97-000	4230-023-036 ESLAMIEH, MOHAMMAD R.	COML	1998-09-10	Reduced	719,837	450,000	620,000	(99,837)	Reduced 9-10-98
24	98009103	98-000	4231-020-031 MARINA PACKING, INC.	COML		Open	374,145	250,000	288,092	(86,053)	Reduce to opinion or 77% (Comml comps < \$1M)
25	98009102	98-000	4231-020-032 MARINA PACKING, INC.	COML		Open	297,332	225,000	228,946	(68,386)	Reduce to opinion or 77% (Comml comps < \$1M)
26	97036407	97-000	4231-024-002 STERN, HAROLD I.	COML	1998-11-20	Reduced	1,002,704	750,000	676,000	(326,704)	Reduced 11-20-98
27	97036407	97-000	4231-024-042 STERN, HAROLD I.	COML	1998-11-20	Reduced	332,908	0	224,000	(108,908)	Reduced 11-20-98
28	97021717	97-000	4231-027-029 VILLASENOR, RICHARD D.	COML		Reduced	361,000	250,000	250,000	(111,000)	Reduced 11-20-98
29	98019299	98-000	4231-028-037 ALBALAS, KYOKO	COML		Open	291,946	248,000	291,946	0	Assume no show (1995 appl no show)
30	98012903	98-000	4232-004-084 WASHINGTON HOSPITAL MEDICAL	COML		Open	7,200,000	5,500,000	5,820,000	(1,380,000)	Assume reduced to 1997 stipulation
31	97022899	97-000	4232-004-084 WASHINGTON HOSPITAL MED DEV CO	COML	1998-11-23	Reduced	7,200,000	6,000,000	5,820,000	(1,380,000)	Reduced 11-23-98
32	98012903	98-000	4232-004-086 WASHINGTON HOSPITAL MEDICAL	COML		Open	800,000	700,000	800,000	0	Already reduced per 1997 stipulation.
33	97022899	97-000	4232-004-086 WASHINGTON HOSPITAL MED DEV CO	COML	1998-11-23	Reduced	800,000	800,000	800,000	0	Reduced 11-23-98
34	98016506	98-000	4232-006-001 COLINS, JAMES	COML		Open	119,632	34,020	119,632	0	Assume withdrawn (1997 appl withdrawn)
35	98016507	98-000	4232-006-002 COLINS, JAMES	COML		Open	110,696	31,480	110,696	0	Assume withdrawn (1997 appl withdrawn)
36	98016508	98-000	4232-006-014 COLINS, JAMES	COML		Open	451,717	128,450	451,717	0	Assume withdrawn (1997 appl withdrawn)

Source: Los Angeles County Assessment Appeals Board, 1st Quarter 1999
 Prepared by Keyser Marston Associates, Inc.
 Filename: Rp4_0699: Appl0599: 9/13/99: GSH: Page 1 of 2

Table 4.4

Assessment Appeals Impact
Component Area No. 4
Culver City Redevelopment Agency

APPL	FY	APN	Applicant Name	Use	Action Date	Final Action	Contested Value	Opinion of Value	Estimated Resolved Value	Value Change	Assumptions
37	98006815	98-000 4232-011-026	BANK OF AMERICA	COML		Open	779,468	430,000	779,468	0	Assume withdrawn (1997 appl withdrawn)
38	98022998	97-020 4232-011-030	MORITA, ALBERT & PAULINE, AS	COML		Open	264,569	264,569	264,569	0	Reduce to opinion or 77% (Commit comps < \$1M)
39	97036286	97-000 4232-017-013	DELLAQUILA, ROBERTO	COML	1999-02-03	Reduced	188,842	0	188,500	(342)	Reduced 2-3-99
40	97036286	97-000 4232-017-016	DELLAQUILA, ROBERTO	COML	1999-02-03	Reduced	672,257	700,000	511,500	(160,757)	Reduced 2-3-99
41	97004662	97-000 4233-003-011	BHUTA, MAHESH V.	APTS		Open	458,575	290,000	290,000	(168,575)	Assume reduced to 1996 stipulation
42	97020578	97-000 4233-013-020	11801 WASHINGTON BLVD BUILDING	COML	1998-09-10	Reduced	550,000	377,960	490,000	(60,000)	Reduced 9-10-98
43	98006824	98-000 4236-020-001	B G AND M ASSOCIATES	---		Open	180,000	760,000	180,000	0	Assume withdrawn (1997 appl withdrawn)
44	98006824	98-000 4236-020-002	B G AND M ASSOCIATES	---		Open	81,000	0	81,000	0	Assume withdrawn (1997 appl withdrawn)
45	98006824	98-000 4236-020-003	B G AND M ASSOCIATES	---		Open	81,000	0	81,000	0	Assume withdrawn (1997 appl withdrawn)
46	98006824	98-000 4236-020-004	B G AND M ASSOCIATES	---		Open	81,000	0	81,000	0	Assume withdrawn (1997 appl withdrawn)
47	98006824	98-000 4236-020-005	B G AND M ASSOCIATES	---		Open	81,000	0	81,000	0	Assume withdrawn (1997 appl withdrawn)
48	98006824	98-000 4236-020-006	B G AND M ASSOCIATES	---		Open	875,000	0	875,000	0	Assume withdrawn (1997 appl withdrawn)
49	98014724	98-000 4236-021-007	RUBINFELD, SAMUEL	COML		Open	389,219	170,000	299,699	(89,520)	Reduce to opinion or 77% (Commit comps < \$1M)
50	9826290	96-000 4236-022-033	SARRAIL, JOHN L & PATSY O	COML	1998-12-02	Reduced	447,948	350,000	380,000	(67,948)	Reduced 12-2-98
51	97019567	97-000 4236-026-001	TACO BELL CORP	COML		Open	276,524	120,000	276,524	0	Assume no show (1996 appl no show)
52	97019567	97-000 4236-026-002	TACO BELL CORP	COML		Open	115,215	60,000	115,215	0	Assume no show (1998 appl no show)
53	97034816	97-000 4236-029-001	MARINA PLACE ASSOC	COML		Open	24,000,000	18,000,000	24,000,000	0	Assume withdrawn (1996 appl withdrawn)
54	98024976	98-003 8940-053-020	MEDIAONE OF LOS ANGELES	COML		Open	1,820,917	1,278,000	1,820,917	0	Assume withdrawn (1996 appl withdrawn)
55	98023707	98-002 8940-053-020	MEDIAONE OF LOS ANGELES, INC.	COML		Open	1,820,917	1,278,000	1,820,917	0	Assume withdrawn (1996 appl withdrawn)
56	98020860	98-000 8940-053-020	AMERICAN CABLESYSTEMS OF CA,	COML		Open	1,820,917	911,000	1,820,917	0	Assume withdrawn (1996 appl withdrawn)
57	98024975	97-003 8940-053-020	MEDIAONE OF LOS ANGELES	COML		Open	1,785,213	1,253,000	1,785,213	0	Assume withdrawn (1996 appl withdrawn)
58	98023706	97-002 8940-053-020	MEDIAONE OF LOS ANGELES, INC.	COML		Open	1,785,213	1,253,000	1,785,213	0	Assume withdrawn (1996 appl withdrawn)
59	97046281	97-000 8940-053-020	AMERICAN CABLESYSTEMS OF CA,	COML		Open	1,785,213	883,000	1,785,213	0	Assume withdrawn (1996 appl withdrawn)
60	98020850	98-000 8940-086-006	AMERICAN CABLESYSTEMS OF CA,	COML		Open	444,373	122,000	444,373	0	Assume withdrawn (1996 appl withdrawn)
61	97046298	97-000 8940-086-006	AMERICAN CABLESYSTEMS OF CA,	COML		Open	435,661	118,000	435,661	0	Assume withdrawn (1996 appl withdrawn)
Totals (for memorandum purposes only)							235,435,993	145,972,537	148,714,773	(9,394,597)	
Projected Value Change Resulting in FY 1999-2000 Tax Refund							56,328,987	38,355,019	52,884,773	(3,444,214)	
Projected FT 1999-2000 Tax Refund at 1%										(34,000)	
Projected Value Reduction Due to Identified Appeals							53,290,317	37,334,979	48,657,404	(4,632,913)	

Exhibit A

Source: Los Angeles County Assessment Appeals Board, 1st Quarter 1999
Prepared by Keyser Marston Associates, Inc.
Filename: Rp4_0699: App10599: 9/13/99: GSH: Page 2 of 2

Exhibit A

Table 5

Receipts to Levy Analysis

Component Areas 1, 2 and 3

Culver City Redevelopment Agency

	1994-95	1995-96	1996-97	1997-98	1998-99
I. Reported Assessed Value (1):					
Secured (2)	1,492,856,395	1,420,274,902	1,425,361,326	1,449,898,685	1,500,702,992
Unsecured (2)	214,998,568	204,449,208	221,685,728	237,787,755	272,885,045
II. Total Project Value	1,707,854,963	1,624,724,110	1,647,047,054	1,687,686,440	1,773,588,037
Less Base Value (2)	235,871,675	235,871,675	235,871,675	235,871,675	235,871,675
Incremental Value	1,471,983,288	1,388,852,435	1,411,175,379	1,451,814,765	1,537,716,362
Averaged Tax Rate	1.0180767%	1.0115703%	1.0124176%	1.0125990%	1.0122228%
III. Gross Tax Increment	14,986,436	14,049,220	14,286,943	14,701,000	15,565,040
Unitary Tax Revenue	438,460	439,055	429,724	438,606	441,974
Total Computed Levy	15,424,896	14,488,275	14,716,667	15,139,606	16,007,014
IV. Tax Allocation (3):					
Secured Tax Increment	13,296,887	12,297,140	12,289,757	12,837,046	13,339,808
Unsecured Tax Increment	1,338,111	1,132,449	1,285,413	1,523,853	1,937,351
Unitary Tax Revenue	438,460	439,055	429,724	438,606	441,974
Total Annual Tax Increment	15,073,459	13,868,644	14,004,893	14,799,505	15,719,133
Variance From Computed Levy	(351,437)	(619,631)	(711,773)	(340,102)	(287,881)
V. % Delinquency	-2.28%	-4.28%	-4.84%	-2.25%	-1.80%

(1) Exclusive of Component Area 4.

(2) Amounts shown are as reported by the Los Angeles County Auditor-Controller in August of each fiscal year.

(3) Source: County Auditor-Controller year-end remittance advice summaries. Amounts represent the annual tax increment revenues allocable to the Agency and are exclusive of administrative fees, supplemental taxes, prior year redemption payments, tax refunds, adjustments by the County Assessor and pass through payments.

Table 6.1
Projected New Development Value Added
Component Area 1
Culver City Redevelopment Agency
(000's Omitted)

Description	Scope	Total Value	Less Existing Value	Total Value Added	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
I. Real Property Value Added										
Corporate Pointe Office (3 acres)	250,000	31,205	0	31,205	0	15,602	15,602	0	0	0
Department Store	157,680	12,614	(157)	12,457	0	0	12,457	0	0	0
Parking Structure	1,029	7,850	0	7,850	0	0	7,850	0	0	0
Mail Improvements		1,720	0	1,720	0	0	1,720	0	0	0
Total Real Property Value Added		53,389	(157)	53,232	0	15,602	37,630	0	0	0
II. Personal Property Value Added										
Corporate Pointe Office (3 acres)	212,500	3,188	0	3,188	0	0	1,594	1,594	0	0
Department Store	157,680	1,577	0	1,577	0	0	1,577	0	0	0
Total Personal Property Value Added		4,764	0	4,764	0	0	3,171	1,594	0	0

Table 6.2
Projected New Development Value Added
Component Area 2
Culver City Redevelopment Agency
(000's Omitted)

Description	Scope	Total Value	Less Existing Value	Total Value Added	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
I. Real Property Value Added										
The Classics at Heritage Park	57	24,481	0	24,481	6,120	18,361	0	0	0	0
Millman Renovation	70,000	556	0	556	556	0	0	0	0	0
EZ Lube Construction	1,640	112	0	112	112	0	0	0	0	0
Total Real Property Value Added		25,149	0	25,149	6,788	18,361	0	0	0	0
II. Personal Property Value Added										
Millman Renovation	59,500	595	0	595	595	0	0	0	0	0
Target Store Expansion	19,412	194	0	194	194	0	0	0	0	0
EZ Lube Construction	1,640	16	0	16	16	0	0	0	0	0
Total Personal Property Value Added		211	0	211	211	0	0	0	0	0

Table 6.3

Projected New Development Value Added
Component Area 3
Culver City Redevelopment Agency
(000's Omitted)

Description	Scope	Total Value	Less Existing Value	Total Value Added	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
I. Real Property Value Added										
Parcel C Retail & Cinema	23,000	32,731	(3,473)	29,258	0	29,258	0	0	0	0
Mollica Bldg Renovation		1,500	(750)	750	750	0	0	0	0	0
Goodyear Auto Service	9,217	556	0	556	556	0	0	0	0	0
Capital Lighting Retail	9,888	473	0	473	473	0	0	0	0	0
Econo Lube n Tune Auto	2,300	157	0	157	157	0	0	0	0	0
Miller Honda Acq & Construction	50,039	5,000	0	5,000	0	5,000	0	0	0	0
Ten 9 Fifty Renovation		3,017	0	3,017	3,017	0	0	0	0	0
Total Real Property Value Added		43,434	(4,223)	39,211	4,953	34,258	0	0	0	0
II. Personal Property Value Added										
Parcel C Retail	97,750	1,955	0	1,955	0	1,955	0	0	0	0
Mollica Bldg Renovation	19,550	196	(2)	194	194	0	0	0	0	0
Goodyear Auto Service	9,217	92	0	92	92	0	0	0	0	0
Capital Lighting Retail	9,888	99	0	99	99	0	0	0	0	0
Econo Lube n Tune Auto	2,300	23	0	23	23	0	0	0	0	0
Miller Honda Acq & Construction	50,039	500	0	500	0	500	0	0	0	0
Total Personal Property Value Added		2,865	(2)	2,863	408	2,455	0	0	0	0

Table 6.4
Projected New Development Value Added
Component Area 4
Culver City Redevelopment Agency
(000's Omitted)

Description	Scope	Total Value	Less Existing Value	Total Value Added	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
I. Real Property Value Added										
Costco Land Trfr	802,375	24,000	(24,000)	0	0	0	0	0	0	0
Costco Warehouse	145,000	4,640	0	4,640	4,640	0	0	0	0	0
Supermarket	57,000	2,736	0	2,736	2,736	0	0	0	0	0
Restaurants	8,000	840	0	840	840	0	0	0	0	0
Retail Pads	29,000	1,885	0	1,885	1,885	0	0	0	0	0
Beacon Bldg Renovation	25,309	1,185	0	1,185	1,185	0	0	0	0	0
Beacon New Construction	16,510	773	0	773	773	0	0	0	0	0
Culver City Self Storage	119,577	3,545	0	3,545	3,545	0	0	0	0	0
Total Real Property Value Added		39,603	(24,000)	15,603	15,603	0	0	0	0	0
II. Personal Property Value Added										
Costco Warehouse	145,000	1,450	0	1,450	1,450	0	0	0	0	0
Supermarket	57,000	570	0	570	570	0	0	0	0	0
Restaurants	8,000	200	0	200	200	0	0	0	0	0
Retail Pads	24,650	370	0	370	370	0	0	0	0	0
Beacon Bldg Renovation	21,513	215	0	215	215	0	0	0	0	0
Beacon New Construction	14,034	140	0	140	140	0	0	0	0	0
Total Personal Property Value Added		2,945	0	2,945	2,945	0	0	0	0	0

Table 7

**Tax Increment Revenue Projection
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency
(000's Omitted)**

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
I. Real Property Value										
Appeal Value Change	1,920,233	1,873,739	1,938,559	2,045,551	2,124,092	2,166,574	2,209,906	2,254,104	2,299,186	2,345,169
Subtotal	(46,493)	0	0	0	0	0	0	0	0	0
Prop 13 Inflationary Growth	1,873,739	1,873,739	1,938,559	2,045,551	2,124,092	2,166,574	2,209,906	2,254,104	2,299,186	2,345,169
New Development Value Added	0	37,475	38,771	40,911	42,482	43,331	44,198	45,082	45,984	46,903
Total Real Property Value	1,873,739	1,938,559	2,045,551	2,124,092	2,166,574	2,209,906	2,254,104	2,299,186	2,345,169	2,392,073
II. Personal Property										
New Development Value Added	261,666	261,666	265,229	267,685	270,855	272,449	272,449	272,449	272,449	272,449
Total Personal Property Value	0	3,564	2,455	3,171	1,594	0	0	0	0	0
III. Total Project Value										
Less Base Value	2,135,405	2,203,788	2,313,236	2,394,948	2,439,023	2,482,355	2,526,553	2,571,635	2,617,619	2,664,522
Incremental Value	(543,496)	(543,496)	(543,496)	(543,496)	(543,496)	(543,496)	(543,496)	(543,496)	(543,496)	(543,496)
	1,591,910	1,660,293	1,769,741	1,851,452	1,895,528	1,938,859	1,983,057	2,028,139	2,074,123	2,121,026
IV. Gross Tax Revenue										
Unitary Tax Revenue	16,395	16,848	17,914	18,741	19,187	19,626	20,073	20,529	20,995	21,469
County Admin Charge	442	442	442	442	442	442	442	442	442	442
Appeal Tax Refunds	(357)	(367)	(389)	(407)	(416)	(425)	(435)	(444)	(454)	(464)
Statutory Pass Through	(795)	0	0	0	0	0	0	0	0	0
	0	0	(3)	(14)	(25)	(113)	(203)	(294)	(387)	(482)
V. Net Tax Increment Revenues	15,685	16,923	17,964	18,762	19,188	19,529	19,878	20,233	20,596	20,966

Exhibit A

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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**FINANCIAL
SECURITY
ASSURANCE®**

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS:

Policy No.: -N-

Effective Date:

Premium:

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal or of interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

Page 2 of 2
Policy No. N

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security, and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud, whether acquired by subrogation, assignment or otherwise), to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)

Exhibit "A"

Exhibit B

2002 Bonds Official Statement

[behind this page]

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest on the 2002 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for the purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the 2002 Bonds is exempt from State of California personal income taxes. See "OTHER MATTERS — Tax Matters."

\$28,280,000**CULVER CITY REDEVELOPMENT AGENCY****Tax Allocation Bonds, 2002 Series A****(Culver City Redevelopment Project)****Dated: Date of Delivery****Due: November 1, as shown below**

The Culver City Redevelopment Agency (the "Agency") is issuing the bonds captioned above (the "2002 Bonds") pursuant to an Indenture dated as of October 1, 1999, as amended by a First Supplemental Indenture dated as of April 1, 2002 (collectively, the "Indenture") between the Agency and U.S. Bank, N.A. (the "Trustee").

Proceeds of the 2002 Bonds will be used to (i) fund certain redevelopment activities of benefit to the Agency's Culver City Redevelopment Project (the "Project Area"); (ii) fund a debt service reserve account for the 2002 Bonds; and (iii) pay the costs of issuing the 2002 Bonds. See "FINANCING PLAN."

The 2002 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"), under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of certificates representing their ownership interest in the Bonds. The principal of, premium if any, and semiannual interest on the 2002 Bonds will be payable by the Trustee to DTC for subsequent disbursement to DTC Participants, so long as DTC or its nominee remains the registered owner of the Bonds. See "APPENDIX F — Book Entry-Only System."

Interest on the 2002 Bonds is due May 1 and November 1 of each year, commencing November 1, 2002. The 2002 Bonds will be issued in denominations of \$5,000 or any integral multiple of \$5,000. See "THE BONDS — Description."

The Bonds are subject to optional and mandatory redemption. See "THE BONDS — Redemption."

The Agency has previously issued tax allocation bonds secured on a senior basis to the 2002 Bonds and tax allocation bonds secured on a parity basis with the 2002 Bonds. See "SECURITY FOR THE BONDS — Outstanding Debt of the Agency."

The 2002 Bonds and any parity bonds are special obligations of the Agency, payable exclusively from Tax Revenues (generally consisting of tax increment revenues to be derived from the Project Area, less amounts needed to make loan payments on certain outstanding senior loans of the Agency), and from amounts on deposit in certain funds and accounts established pursuant to the Indenture. See "SECURITY FOR THE BONDS." The receipt of Tax Revenues (and availability of Surplus Tax Revenues) is subject to certain risks and limitations. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS."

The scheduled payment of principal of and interest on the 2002 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2002 Bonds by MBIA Insurance Corporation.



THE 2002 BONDS ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA, OR ANY OF THEIR POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY, AND NEITHER THE CITY, THE STATE NOR ANY OF THEIR POLITICAL SUBDIVISIONS, OTHER THAN THE AGENCY, IS LIABLE THEREFOR. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2002 BONDS ARE PAYABLE SOLELY FROM TAX REVENUES AND SURPLUS TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURES. NEITHER THE OFFICERS OF THE AGENCY OR THE CITY, NOR ANY PERSONS EXECUTING THE 2002 BONDS ARE LIABLE PERSONALLY ON THE 2002 BONDS BY REASON OF THEIR ISSUANCE.

This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the 2002 Bonds. Investors should review the entire Official Statement before making any investment decision.

MATURITY SCHEDULES
 (See inside front cover)

The 2002 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to legality by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the Agency by Kane Ballmer & Berkman, Los Angeles, California. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as Underwriter's Counsel. It is anticipated that the 2002 Bonds, in book entry form, will be available for delivery to DTC in New York, New York on or about April 25, 2002.

Stone & Youngberg LLC

Exhibit B

MATURITY SCHEDULE

\$21,990,000 SERIAL BONDS

<u>Maturity Date (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Maturity Date (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
2002	\$1,420,000	3.500%	100.844%	2012	\$1,115,000	4.500%	99.584%
2003	795,000	3.500	101.853	2013	1,170,000	4.750	100.792*
2004	820,000	3.500	101.933	2014	1,225,000	4.750	100.000
2005	850,000	3.500	100.989	2015	1,280,000	5.000	101.178*
2006	880,000	3.500	100.000	2016	1,345,000	5.500	104.865*
2007	910,000	4.000	100.986	2017	1,420,000	5.500	104.462*
2008	945,000	4.000	100.000	2018	1,495,000	5.500	103.981*
2009	985,000	4.125	99.839	2019	1,575,000	5.500	103.582*
2010	1,025,000	4.250	99.645	2020	1,665,000	5.500	103.185*
2011	1,070,000	4.500	100.383				

\$6,290,000 5.125% Term Bond due November 1, 2025, Price: 98.057%

* Priced to call date

CULVER CITY REDEVELOPMENT AGENCY

CITY COUNCIL / AGENCY MEMBERS

Steven J. Rose, *Agency Chair, Council Member*
David Hauptman, *Agency Vice-Chair, Council Member*
Carol Gross, *Vice Mayor, Agency Member*
Edward Wolkowitz, *Mayor, Agency Member*
Alan Corlin, *Council Member, Agency Member*

OTHER ELECTED OFFICIALS

Mark A. Ambrozich, *City/Agency Treasurer*
Tom Crunk, *City Clerk*

ADMINISTRATIVE OFFICIALS

Mike Thompson, *Executive Director*
Marsha V. Rood, AICP, *Assistant Executive Director*
Miriam Mack, *Redevelopment Administrator*
Eric Shapiro, *City Controller*

SPECIAL SERVICES

Trustee

U.S. Bank, N.A.
Los Angeles, California

Bond Counsel

Richards, Watson & Gershon,
A Professional Corporation
Los Angeles, California

Agency Counsel

Kane Ballmer & Berkman
Los Angeles, California

Fiscal Consultant

Keyser Marston Associates Inc.
Los Angeles, California

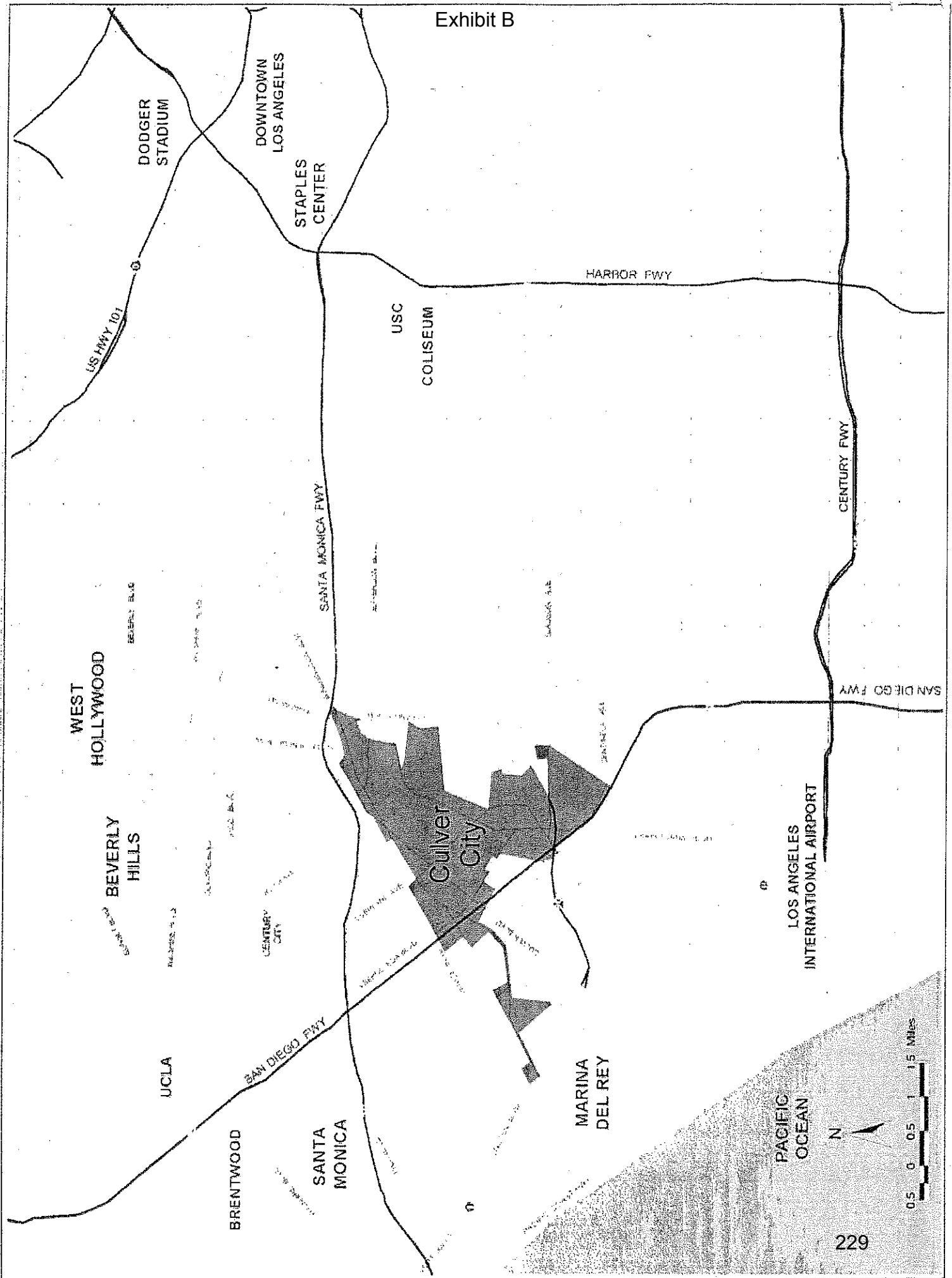


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APPENDIX E - Form of Continuing Disclosure Agreement

APPENDIX F - Book Entry-Only System

APPENDIX G - Fiscal Consultant Report

APPENDIX H - Specimen Municipal Bond Insurance Policy

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been given or authorized by the Agency or the Underwriter.

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds described herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement does not constitute a contract between any Bond owner and the Agency or the Underwriter.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure made by the District, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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

Document Summaries. All summaries of the Indenture or other documents contained in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all such provisions. All references in this Official Statement to the Indenture and such other documents are qualified in their entirety by reference to such documents, which are on file with the Agency.

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

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

Public Offering Prices. The Underwriter may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and the Underwriter may change those public offering prices from time to time.

Bond Insurer Information. Other than with respect to information concerning MBIA Insurance Corporation ("MBIA") contained under the caption "SECURITY FOR THE BONDS - Municipal Bond Insurance" and APPENDIX H - "Specimen Municipal Bond Insurance Policy," none of the information in this Official Statement has been supplied or verified by MBIA and MBIA makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Bonds, or (iii) the tax-exempt status of the interest on the Bonds.

\$28,280,000
CULVER CITY REDEVELOPMENT AGENCY
Tax Allocation Bonds, 2002 Series A
(Culver City Redevelopment Project)

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided to furnish information in connection with the sale by the Culver City Redevelopment Agency (the "Agency") of the Bonds captioned above (the "2002 Bonds"). This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in "APPENDIX A – Summary of Certain Provisions of the Indenture."

Authority for Issuance. The Agency is a redevelopment agency existing under the Community Redevelopment Law of the State of California (the "State"), constituting Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the "Redevelopment Law"). The 2002 Bonds are being issued under the Redevelopment Law.

The 2002 Bonds will be issued pursuant to and will be secured by the terms of an Indenture dated as of October 1, 1999, as amended by a First Supplemental Indenture dated as of April 1, 2002 (collectively, the "Indenture"), each by and between the Agency and U.S. Bank, N.A. Los Angeles, California, as trustee (the "Trustee").

Outstanding Agency Debt. The Agency has incurred the following senior loans and parity or subordinate bonded indebtedness:

Senior 1989 Loans. In October 1989 the Culver City Redevelopment Financing Authority (the "Authority") issued its 1989 Revenue Bonds, Series A as current interest and capital appreciation bonds, of which only the capital appreciation bonds are currently outstanding (the "1989 Bonds"). The 1989 Bonds are payable from certain loan payments due with respect to loans (the "1989 Loans") made by the Authority to the Agency.

Senior 1993 Loans. In November 1993, the Authority issued its 1993 Tax Allocation Refunding Revenue Bonds (the "1993 Bonds"), which are secured by certain loan payments due with respect to certain loans (the "1993 Loans") made by the Authority to the Agency.

Parity 1999 Bonds. In October 1999 the Agency issued its Tax Allocation Refunding Bonds, 1999 Series A (Culver City Redevelopment Project) (the "1999 Series A Bonds"), which are secured on a parity with the 2002 Bonds.

Subordinate 1999 Bonds. In October 1999 the Agency issued its Subordinate Tax Allocation Refunding Bonds, 1999 Series B (Culver City Redevelopment Project) (the "1999 Series B Bonds").

See "THE AUTHORITY AND THE AGENCY – Outstanding Agency Debt" for a description of these bonds as well as other subordinate debt of the Agency.

Financing Purpose. Proceeds of the Bonds will be used for the following purposes:

- (i) fund certain redevelopment activities of benefit to the Agency's Project Area (the "Redevelopment Project"),
- (ii) fund a debt service reserve account for the 2002 Bonds, and
- (iii) pay the costs of issuing the 2002 Bonds.

See "FINANCING PLAN."

Security for the 2002 Bonds. The 2002 Bonds and the 1999 Series A Bonds are payable from and secured by Tax Revenues (as defined herein), generally consisting of the taxes eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Agency's Culver City Redevelopment Project (the "Project Area"). Tax Revenues do not include amounts required to make payments on the outstanding 1989 Loans or the 1993 Loans (as defined in "FINANCING PLAN" below). The outstanding 1989 Bonds (which represent the remaining outstanding portion of the 1989 Loans) and the 1993 Loans are secured by a pledge of tax increment revenues that is senior to the Agency's pledge to payment of the 2002 Bonds and the 1999 Series A Bonds.

Additional Bonds. The Indenture permits the Agency to issue additional bonds payable from Tax Revenues on a parity basis to the 2002 Bonds. See "SECURITY FOR THE BONDS – Issuance of Additional Bonds."

Possible Risk Factors. Any future decrease in the taxable valuation in the Project Area or in the applicable tax rates could reduce the Tax Revenues allocated to the Agency and correspondingly could have an adverse impact on the ability of the Agency to pay debt service on the Bonds. See "RISK FACTORS."

The Project Area. The Culver City Redevelopment Project (the "Project Area") was initially formed by the merger of the following three former project areas (each, a "Component Area") of the Agency:

<u>Former Project Area</u>	<u>Component</u>
Slauson-Sepulveda Redevelopment Project Area No. 1	"Component Area No. 1"
Overland-Jefferson Redevelopment Project Area No. 2	"Component Area No. 2"
Washington-Culver Redevelopment Project Area No. 3	"Component Area No. 3"

Pursuant to Ordinance No. 98-014 adopted by the City Council on November 23, 1998, each of the currently existing redevelopment plans for the Component Areas (each, a "Redevelopment Plan") were amended to provide, among other things, for the merging of the Component Areas into the Project Area. In addition, pursuant to Ordinance No. 98-015, adopted by the City Council on November 23, 1998, the Agency added territory known as "Component Area No. 4" to the Project Area. The Project Area includes 1,286 gross acres of land, representing residential, commercial, industrial and public land uses. The Project Area is now the sole redevelopment project area of the Agency.

See "THE CULVER CITY REDEVELOPMENT PROJECT" for additional information on land use and property ownership within the Project Area.

The City. The City of Culver City, California (the "City"), is located on the western portion of Los Angeles County (the "County"), approximately five miles north of Los Angeles International Airport and five miles east of the Marina del Rey small craft harbor and the Pacific Ocean. The City was incorporated as a general law city in 1917 and became a charter

Exhibit B

city in 1947. For certain information regarding the City, see "APPENDIX B - Culver City General Information."

The Agency. The Agency was activated on February 8, 1971 by an ordinance of the City Council, at which time the City Council declared itself to be the governing board of the Agency. See "THE AUTHORITY AND THE AGENCY."

The Authority. The Authority is a joint powers authority formed by the Agency and the City in 1989. See "THE AUTHORITY AND THE AGENCY."

FINANCING PLAN

The Redevelopment Project

On the Closing Date, a portion of Bond proceeds will be deposited into the Agency's Redevelopment Fund, to be used to finance a wide variety of projects to implement the Redevelopment Plan for the Project Area. Some of the currently contemplated projects include funding the costs of public improvements and public facilities, streetscape and infrastructure improvements, off-street parking facilities and commercial rehabilitation grants. See "Estimated Sources and Uses of Funds" below.

Estimated Sources and Uses of Funds

The anticipated sources and uses of funds relating to the Bonds are as follows:

SOURCES OF FUNDS

Principal Amount of the Bonds	\$28,280,000.00
Net Original Issue Premium	254,068.40
Less: Underwriter's Discount	<u>(251,974.80)</u>
Total Sources of Funds	\$28,282,093.60

USES OF FUNDS

Expense Account [1]	\$706,000.00
Reserve Account [2]	2,110,328.02
Redevelopment Fund	<u>25,465,765.58</u>
Total Uses of Funds	\$28,282,093.60

- [1] Represents the costs of issuing the 2002 Bonds, and includes the bond insurance premium, Trustee fees, Bond Counsel fees and expenses, printing costs, rating agency fees and other related costs.
- [2] To be deposited in the Series 2002 Subaccount of the Reserve Account, and is equal to the Reserve Account Requirement for the 2002 Bonds. See "SECURITY FOR THE BONDS - Reserve Account."

THE BONDS

Description

Bond Terms. The 2002 Bonds will be dated their date of delivery (the "Closing Date"), will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple of \$5,000, and will mature in the amounts and on the dates as set forth on the inside cover of this Official Statement.

Interest on the 2002 Bonds will be payable semiannually on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing November 1, 2002.

Calculation of Interest. Interest due on the 2002 Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2002 Bond will bear interest from the appropriate Interest Payment Date next preceding the date of authentication, unless (i) it is authenticated during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to the Record Date for the first Interest Payment Date, in which event it will bear interest from the Closing Date, provided, however, if, at the time of authentication of any 2002 Bond, interest with respect to that 2002 Bond is in default, that 2002 Bond will bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such 2002 Bond. A "Record Date" means, with respect to any Interest Payment Date, the 15th calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

Payment of Interest. Payment of interest on the 2002 Bonds is payable in lawful money of the United States of America on each appropriate Interest Payment Date to the registered owner thereof according to the registration books of the Trustee (the "Owner") as of the close of business on the Record Date. Interest will be paid by check of the Trustee, mailed by first class mail on the Interest Payment Date to the Owner at his address as it appears, on such Record Date, on the bond registration books maintained by the Trustee. At the written request of the Owner of 2002 Bonds in the aggregate principal amount of \$1,000,000 or more, filed with the Trustee prior to any appropriate Record Date, principal of and interest on such 2002 Bonds will be paid to such Owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by transfer of immediately available funds to an account in the continental United States designated in such written request. Payments of defaulted interest with respect to the 2002 Bonds will be paid by check to the registered Owners of the 2002 Bonds as of a special record date to be fixed by the Trustee. Except as set forth above, the principal of and premium, if any on the 2002 Bonds are payable when due at the corporate trust office of the Trustee in St. Paul, Minnesota.

While the 2002 Bonds are held in the book-entry only system of DTC, all such payments will be made to Cede & Co., as the registered owner of the Bonds. See "APPENDIX F – Book Entry-Only System."

Redemption

Optional Redemption. The 2002 Bonds maturing on or before November 1, 2011, are not subject to optional redemption prior to maturity. The 2002 Bonds maturing on and after November 1, 2012, are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities at the option of the Agency on any date on or after May 1, 2011, from funds derived by the Agency from any source, at the following redemption prices (expressed as percentages of the principal amount of the 2002 Bonds called for redemption) together with accrued interest thereon to the date fixed for redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
May 1, 2011 through April 30, 2012	101%
May 1, 2012 and thereafter	100%

Mandatory Redemption From Sinking Fund Payments. The 2002 Bonds maturing on November 1, 2025 (the "2002 Term Bonds") are also subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, as set forth in the following tables.

<u>Sinking Fund Redemption Date (November 1)</u>	<u>Principal Amount To Be Redeemed</u>
2021	\$1,760,000
2022	1,015,000
2023	1,065,000
2024	1,195,000
2025 (maturity)	1,255,000

In lieu of redemption of any 2002 Term Bond, amounts on deposit in the Special Fund or in the Sinking Account therein, may be used and withdrawn by the Trustee at any time, upon the written request of the Agency, for the purchase of such 2002 Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Agency may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date; provided, however, that no 2002 Bonds will be purchased by the Trustee with a settlement date more than 60 days prior to the redemption date.

Notice of Redemption. The Trustee will mail notice of redemption (by first class mail, postage prepaid) at least 30 days prior to the redemption date to the respective registered Owners of the 2002 Bonds designated for redemption, to one or more Information Services, and to the Securities Depositories.

Selection of Bonds for Redemption. Whenever less than all Outstanding 2002 Bonds are called for redemption at any one time, the Trustee will select the 2002 Bonds to be redeemed, from the Outstanding 2002 Bonds maturing on such date not previously selected for redemption, by lot.

Transfer and Exchange

Any 2002 Bond may, in accordance with its terms, be transferred, upon the registration books of the Trustee, upon surrender of such 2002 Bond, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any 2002

Exhibit B

Bond is or 2002 Bonds are surrendered for registration of transfer, the Agency will execute and the Trustee will authenticate and deliver a new 2002 Bond or 2002 Bonds, of like series, interest rate, maturity and principal amount of authorized denomination.

The Trustee is not required to transfer or exchange any 2002 Bond during the 15 days preceding any date established by the Trustee for selection of 2002 Bonds for redemption or any 2002 Bonds which have matured or been selected for redemption.

Debt Service Schedules

Scheduled debt service on the 1989 Loans, the 1993 Loans, the 1999 Series A Bonds and the 2002 Bonds, without regard to any optional redemption, is shown in the following table:

TABLE 1
Debt Service Schedules

Year Ending November 1	1989 Loans Total	1993 Loans Total [1]	1999 Series A Bonds Total	2002 Bonds Principal	2002 Bonds Interest	2002 Bonds Total	Aggregate Total [2]
2002	\$650,000	\$8,488,435	\$1,903,180	\$1,420,000	\$690,328	\$2,110,328	\$13,151,943 +
2003	295,000	8,844,485	1,931,180	795,000	1,286,419	2,081,419	13,152,084
2004	295,000	8,847,205	1,931,910	820,000	1,258,594	2,078,594	13,152,709
2005		8,845,505	2,226,330	850,000	1,229,894	2,079,894	13,151,729
2006		8,848,875	2,221,715	880,000	1,200,144	2,080,144	13,150,734
2007		8,841,320	2,229,975	910,000	1,169,344	2,079,344	13,150,639
2008		8,842,520	2,230,375	945,000	1,132,944	2,077,944	13,150,839
2009		8,846,175	2,228,055	985,000	1,095,144	2,080,144	13,154,374
2010		8,845,675	2,227,935	1,025,000	1,054,513	2,079,513	13,153,123
2011		8,842,800	2,228,690	1,070,000	1,010,950	2,080,950	13,152,440
2012		8,847,000	2,225,940	1,115,000	962,800	2,077,800	13,150,740
2013		8,837,175	2,234,585	1,170,000	912,625	2,082,625	13,154,385
2014		8,843,325	2,228,745	1,225,000	857,050	2,082,050	13,154,120
2015		8,838,800	2,232,901	1,280,000	798,863	2,078,863	13,150,564
2016		9,464,130	1,608,295	1,345,000	734,863	2,079,863	13,152,288
2017		9,463,750	1,608,520	1,420,000	660,888	2,080,888	13,153,158
2018		9,459,570	1,614,840	1,495,000	582,788	2,077,788	13,152,198
2019		9,461,130	1,613,360	1,575,000	500,563	2,075,563	13,150,053
2020		9,457,510	1,614,360	1,665,000	413,938	2,078,938	13,150,808
2021		9,463,250	1,607,560	1,760,000	322,363	2,082,363	13,153,173
2022		9,459,500	1,038,240	1,015,000	232,163	1,247,163	11,744,903
2023		<u>9,460,500</u>	1,037,760	1,065,000	180,144	1,245,144	11,743,404
2024			5,140,880	1,195,000	125,563	1,320,563	6,461,443
2025			<u>5,142,720</u>	<u>1,255,000</u>	<u>64,319</u>	<u>1,319,319</u>	<u>6,462,039</u>
TOTAL	\$1,240,000	\$199,148,635	\$52,308,051	\$28,280,000	\$18,477,197	\$46,757,197	\$299,453,883

[1] Gross debt service due with respect to the 1993 Bonds. Figures do not include any adjustment for debt service payable from the low and moderate income housing fund. See "THE CULVER CITY REDEVELOPMENT PROJECT - Low and Moderate Income Housing."

[2] May not add due to rounding.

Series B 1999 principal = 470,000
 int. = 4,084,010
 \$ 1,554,010
 13,151,943
 \$ 14,705,953
 02.03 → 6

SECURITY FOR THE BONDS

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. The taxable valuation of a redevelopment project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as indicated above.

See "APPENDIX G – Fiscal Consultant Report" for more information about applicable tax rates in the Project Area.

Allocation of Taxes

As provided in the Redevelopment Plan, and pursuant to Article 6 of Chapter 6 of the Redevelopment Law (commencing with Section 33670 of the California Health and Safety Code) 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 and any city, county, city and county, district or other public corporation (herein collectively referred to as "taxing agencies") for each fiscal year beginning after the effective dates of the ordinance approving the original redevelopment plans for the Components, are divided as follows:

1. To other taxing agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of 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 the establishment of the respective Component Areas (the "Base Year Amount") will be allocated to and when collected will be paid into the funds of the respective taxing agencies in the same manner as taxes by or for the taxing agencies on all other property are paid; and

2. To the Agency: Except for taxes which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, which will be allocated to and when collected will be paid to the respective taxing agency, and except for statutory pass-through payments, that portion of the levied taxes each year in excess of the Base Year Amount will be paid into a special fund of the Agency to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the Project Area.

When all bonds, loans, advances, and indebtedness, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in the Project Area is paid into the funds of the respective taxing agencies as taxes on all other property are paid. See "Tax Revenues; Surplus Tax Revenues; Flow of Funds" below.

Tax Revenues; Flow of Funds

Tax Revenues. The 2002 Bonds are equally secured by a pledge of, security interest in, and lien on all of the Tax Revenues, and a pledge of all of the moneys in the Special Fund, Debt Service Fund, Interest Account, Principal Account, Sinking Account and 2002 Subaccount of the Reserve Account created pursuant to the Indenture. See "APPENDIX A – Summary of Certain Provisions of the Indenture."

In the Indenture, "Tax Revenues" is defined to mean, for each fiscal year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area (but excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; and (b) amounts required to be used to comply with the terms of the 1989 Loan Agreements and the 1993 Loan Agreements.

"Tax Revenues" specifically include amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 or Section 33334.6 of the Redevelopment Law, as provided in the Redevelopment Plan, but only to the extent such amounts are used to pay principal or interest or other financing charges with respect to bonds or other obligations issued to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area. The definition of Tax Revenues reflects the fact that the Agency's pledge of tax increment generated in the Project Area to payment of debt service on the Bonds is subordinate to the Agency's pledge of tax increment revenues to payment of its obligations with respect to the outstanding 1989 Bonds (which represent the remaining outstanding portion of the 1989 Loans) and the 1993 Loans.

Flow of Funds. The Indenture establishes a "Special Fund" to be held by the Agency, into which the Agency will deposit Tax Revenues received. On or before the 5th Business Day immediately preceding any Interest Payment Date, the Agency will withdraw from the Special Fund and transfer to the Trustee for deposit into the Debt Service Fund, an amount equal to the deposits required to make the interest, principal and sinking account payments coming due on the 1999 Series A Bonds and the 2002 Bonds, and if needed, the amount necessary to replenish the Reserve Account to the Reserve Account Requirement for each series of Bonds outstanding.

Maintenance of Special Fund After November 1, 2016. Unless (i) the time limits on the effectiveness of the Redevelopment Plan with respect to Component Areas Nos. 1, 2 and 3 of the Project Area are extended to a date no earlier than the final maturity date of the 1999 Series A Bonds and the 2002 Bonds (and any Additional Bonds) pursuant to the Redevelopment Law, or (ii) Tax Revenues derived solely from Component Area No. 3 and Component Area No. 4 of the Project Area ("Area 3 and 4 Revenues") then meet the coverage requirements set forth in the Indenture, as evidenced by a Consultant's Report (as defined in the Indenture), then the Agency is required to take the following actions.

After November 1, 2015 and prior to November 1, 2016, the Agency will determine the total amount of debt service payable on the Bonds during the Bond Years ending November 1, 2022 through November 1, 2025, inclusive ("Total Debt Service") and the total amount of Area 3 and 4 Revenues projected to be received by the Agency during such Bond Years ("Projected Revenues"). Such projections will assume that Area 3 and 4 Revenues in each such Bond Year will be equal to the Area 3 and 4 Revenues received by the Agency during the Bond Year ending November 1, 2015. Commencing on and after November 1, 2016, the Agency is required to transfer, from Tax Revenues received by the Agency in excess of the amounts required to be transferred to the Trustee for deposit in the Debt Service Fund described above, to a special

holding account to be established and held by the Trustee, all such excess Tax Revenues until the amount accumulated therein, together with the amount of the Projected Revenues, equals 125% of Total Debt Service.

Limitations on Tax Revenues. The Agency's receipt of Tax Revenues is subject to certain limitations ("Plan Limits") 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 33333.4 of the Redevelopment Law. See "THE CULVER CITY REDEVELOPMENT PROJECT - General," and "Redevelopment Plan Limitations."

In addition, the Redevelopment Plan with respect to Component Area No. 4 limits the amount of bonded indebtedness which the Agency has outstanding at any one time to \$100 million. The Agency believes that the various limitations contained in the Redevelopment Plan will not adversely affect its ability to issue or to pay debt service on the 2002 Bonds.

The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Revenues that would otherwise be available to pay debt service on the 2002 Bonds and, consequently, the principal of, and interest on, the 2002 Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS."

Limited Sources of Payment for the Bonds. THE BONDS ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF THEIR POLITICAL SUBDIVISIONS, AND NEITHER THE CITY, THE STATE NOR ANY OF THEIR POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) IS LIABLE THEREON. THE AGENCY HAS NO TAXING POWER. THE BONDS ARE REVENUE BONDS, PAYABLE EXCLUSIVELY FROM THE TAX REVENUES, SURPLUS TAX REVENUES AND OTHER FUNDS AS PROVIDED IN THE INDENTURE. THE OBLIGATIONS OF THE AGENCY UNDER THE BONDS AND ANY ADDITIONAL BONDS OF THE AGENCY ARE PAYABLE SOLELY FROM TAX REVENUES AND SURPLUS TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA.

Reserve Account

The Indenture provides that on the Closing Date a subaccount within the Reserve Account will be created, the "Series 2002 Subaccount," and will be funded in an amount equal to the Reserve Account Requirement for the 2002 Bonds.

The Indenture defines "Reserve Account Requirement" as an amount equal to the least of

(i) 10% of the proceeds (within the meaning of Section 148 of the Code) of that portion of 2002 Bonds Outstanding with respect to which Annual Debt Service is calculated,

(ii) 125% of Average Annual Debt Service of the 2002 Bonds or

(iii) Maximum Annual Debt Service on the 2002 Bonds.

See "APPENDIX A -- Summary of Certain Provisions of the Indenture."

Amounts in the Series 2002 Subaccount of the Reserve Account will be used to pay principal, interest and sinking account payments with respect to the 2002 Bonds. Each subaccount of the Reserve Account is available only for payment of the series of Bonds to which it relates, and only those funds on deposit in the Series 2002 Subaccount will be available for payment of debt service on the 2002 Bonds.

The Agency has the right (with the prior written consent of the Bond Insurer) to satisfy the Reserve Account Requirement for the Bonds by crediting to the Reserve Account moneys or a Qualified Reserve Account Credit Instrument (as defined in the Indenture) or any combination thereof, which in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Account Requirement. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument, the Trustee will release moneys then on hand in the Reserve Account to the Agency, to be used for any lawful purpose relating to the Project Area, in an amount equal to the face amount of the Qualified Reserve Account Credit Instrument.

Issuance of Additional Bonds

Additional Bonds. The Indenture permits the Agency, subject to certain conditions, to issue additional Bonds ("Additional Bonds") payable from Tax Revenues on a parity with the 1999 Series A Bonds and the 2002 Bonds. Because any Additional Bonds would be secured by Tax Revenues on a parity with the Bonds, they would be payable from tax increment revenue generated in the Project Area on a basis subordinate to the 1993 Loans and on the portion of the 1989 Loans corresponding to the outstanding 1989 Bonds.

The conditions for the issuance of Additional Bonds include, among other things, the following:

(1) the Tax Revenues (excluding any unsubordinated payments to taxing agencies pursuant to the Redevelopment Law) based on the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll preceding the date of the Agency's adoption of the supplemental indenture providing for the issuance of such Additional Bonds plus, at the option of the Agency, the Additional Allowance, and projected annual Tax Revenues over the term of the Bonds based on current Tax Revenue collections, must be in an amount equal to at least 125% of the Combined Maximum Annual Debt Service (which is defined as the largest sum in any Bond Year of debt service with respect to the 1989 Loans, the 1993 Loans, the Bonds and any additional bonds) following the issuance of such Additional Bonds, as evidenced by a Consultant's Report, and

(2) the Surplus Tax Revenues must be in an amount equal to at least 100% of maximum annual debt service on the 1999 Series B Bonds (as defined in the indenture under which the 1999 Series B Bonds were issued) following the issuance of such Additional Bonds, as evidenced by a Consultant's Report.

For the purposes of calculating Tax Revenues, a tax rate of \$1.00 per \$100 of assessed valuation will be assumed, and the plan expiration dates with respect to Component Area No. 1 and Component Area No. 2 (and the last dates on which the Agency is entitled to receive tax increment revenues from those Component Areas) will be taken into account.

"Additional Allowance" is defined to mean, as of the date of any calculation, the amount of Tax Revenues which, as shown in a Consultant's Report, is estimated to be receivable by the Agency in the next Fiscal Year as a result of increases in the assessed valuation of taxable property in the Project Area due to construction which has been completed but has not yet been reflected on the tax roll.

See "APPENDIX A – Summary of Certain Provisions of the Indenture" for additional detail about the issuance of Additional Bonds.

MUNICIPAL BOND INSURANCE POLICY

The following information has been furnished by MBIA Insurance Corporation ("MBIA") for use in this Official Statement. Reference is made to APPENDIX H for a specimen of MBIA's policy.

The MBIA Insurance Corporation Insurance Policy

MBIA's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Agency to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the 2002 Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by MBIA's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the 2002 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any 2002 Bonds. MBIA's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of 2002 Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's policy also does not insure against nonpayment of principal of or interest on the 2002 Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the 2002 Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Trustee or any owner of any 2002 Bonds the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such 2002 Bonds or presentment of such other proof of ownership of the 2002 Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the 2002 Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the 2002 Bonds in any legal proceeding related to payment of insured amounts on the 2002 Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Trustee payment of the insured amounts due on such 2002 Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

MBIA

MBIA Insurance Corporation ("MBIA") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the policy and MBIA set forth under the heading "MUNICIPAL BOND INSURANCE POLICY." Additionally, MBIA makes no representation regarding the 2002 Bonds or the advisability of investing in the 2002 Bonds.

The Financial Guarantee Insurance Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

MBIA Information

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated herein by reference:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2000;
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001; and
- (3) The report on Form 8-K filed by the Company on January 30, 2001.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the 2002 Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2000, (2) the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001, and

(3) the report on Form 8-K filed by the Company on January 30, 2001) are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

As of December 31, 2000, MBIA had admitted assets of \$7.6 billion (audited), total liabilities of \$5.2 billion (audited), and total capital and surplus of \$2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of September 30, 2001, MBIA had admitted assets of \$8.4 billion (unaudited), total liabilities of \$6.0 billion (unaudited), and total capital and surplus of \$2.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch, Inc. rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the 2002 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the 2002 Bonds. MBIA does not guaranty the market price of the 2002 Bonds nor does it guaranty that the ratings on the 2002 Bonds will not be revised or withdrawn.

In the event the Agency were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

THE AUTHORITY AND THE AGENCY

The Authority

The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated September 18, 1989, between the City and the Agency. The Joint Exercise of Powers Agreement was entered into pursuant to the California Government Code, commencing with Section 6500. The Authority is a separate entity constituting a public instrumentality of the State and was formed for the public purpose of assisting in financing and refinancing redevelopment projects pursuant to the Redevelopment Law for the benefit of the City and the Agency through the purchase by the Authority of obligations of the Agency or the loan of funds to the Agency.

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

Agency Existence and Personnel

The Agency is a public body corporate and politic, organized and existing under and pursuant to the Constitution and laws of the State. The Agency was established on February 8, 1971 by action of the City Council pursuant to the Redevelopment Law. The five members of the City Council of the City serve as the governing body of the Agency and exercise all rights, powers, duties and privileges of the Agency.

The Agency is a separate public body and exercises governmental functions in planning and carrying out redevelopment projects. The Agency can build public improvements, facilitate the development of on- and off-site improvements for private development projects, acquire and re-sell property, and provide services of special benefit to the Component Areas.

Members of the Agency and their terms of office are shown below:

<u>Member</u>	<u>Term Expires</u>
Steven J. Rose, Chair	April 2004
David Hauptman, Vice Chair	April 2002
Carol Gross, Member	April 2004
Edward Wolkowitz, Member	April 2002
Alan Corlin, Member	April 2004

The City election for the City Council seats held by David Hauptman and Edward Wolkowitz is scheduled for April 9, 2002. The City Council reorganization (including the swearing-in of new members) is scheduled for April 23, 2002, and the Agency reorganization (including the appointment of Agency Chair and Vice Chair) is scheduled for May 6, 2002. David Hauptman is a candidate for re-election to the City Council, but Edward Wolkowitz is not a candidate due to term limits.

Exhibit B

The Agency has entered into various agreements with the City for financial assistance and services, facilities and personnel support. The Agency reimburses the City for all such services performed on its behalf in amounts equal to the gross salary and employee fringe benefits for all City employees used by the Agency, plus an allocation of overhead costs. The Agency is charged interest on the balance of billings and advances from the City not paid within thirty days at the lower of 0.5 percent per annum above the average monthly interest rate earned by the City on its other investments or the maximum legal interest rate.

The following summarizes key Agency staff:

Mike Thompson is Chief Administrative Officer of the City and Executive Director of the Agency. Chief Thompson received his undergraduate and graduate degrees in business from National University. His career in local government spans a period of 29 years, and has focussed on the fire service. Prior to his employment with the City, he was Fire Chief in Grand Junction, Colorado for 5 years where he was awarded the Colorado Fire Service Leadership Award by Governor Roy Romer. During 1987-90, Chief Thompson was a Division Chief in Salinas, California, where he implemented a countywide hazardous material emergency response program. Previous positions also included Fire Marshal and Training Captain with El Cajon, California. Chief Thompson is the President of the South Bay Fire Chiefs Association, California Fire Chiefs Liaison to the Southern Emergency Medical Services Section, and a Commissioner representing the Los Angeles Area Fire Chiefs on the Los Angeles County Emergency Medical Commission.

Marsha V. Rood, AICP, has served as the City Director of Community Development and the Agency Assistant Executive Director since December 1999. Ms. Rood previously served as the Development Administrator for the Department of Housing and Development for the City of Pasadena from 1987 through 1999, and was responsible for many of the activities for which Pasadena has received notoriety, particularly efforts in Old Pasadena and the Theater District. Ms. Rood began her career with Pasadena as a project manager in 1982. Prior to her career with Pasadena Ms. Rood was the planning manager for the Redevelopment Agency of the City of Los Angeles. She also held positions as a transportation planner, senior environmental planner and social planner for a variety of public agencies in the Los Angeles metropolitan area.

Miriam Mack is Redevelopment Administrator. Ms. Mack joined the City in May 1993. Ms. Mack's experience beginning in 1974 was with the City of San Buenaventura, where she served as Assistant to the City Manager, Economic Development Coordinator and Assistant Redevelopment Administrator. She was appointed Redevelopment Administrator for the City of San Buenaventura in 1986. Ms. Mack received a Bachelor of Arts degree in History from the University of California, Los Angeles in 1971 and a Master of Arts in Economics from the University of California, Santa Barbara in 1974.

Mark A. Ambrozich is the elected City Treasurer, and also serves as the Treasurer of the Agency. Mr. Ambrozich obtained an Associate of Arts Degree from Orange Coast College and a Bachelor of Arts from California State University, Fullerton after serving in the U.S. Army in Vietnam. Prior to his appointment as the City Accountant in 1983, he worked for the City of Huntington Beach. Mr. Ambrozich was elected City Treasurer in April 2000.

Crystal Alexander, Deputy City Treasurer, also serves as Deputy Treasurer of the Agency. Ms. Alexander graduated from the University of Washington with a Bachelor of Arts degree in political science in 1978 and a Master of Public Administration degree in public finance in 1980. Ms. Alexander worked in public sector finance in New York and Washington state before moving to California in 1986. She served as the Budget & Audit Manager for the City of Beverly Hills, and as the City Auditor for the City of Redondo Beach. She was appointed Deputy City Treasurer in 1997. Ms. Alexander is a Certified Government Financial

Manager, and a member of the California Municipal Treasurers Association and the Municipal Treasurers Association of the United States and Canada.

Eric Shapiro, City Controller, is a licensed Certified Public Accountant and a graduate of the City College of New York. Mr. Shapiro has worked for Culver City since 1981. While at Culver City, Mr. Shapiro has served as the Assistant to the CAO/Budget and Finance, as the Deputy Treasurer, and as Senior Accountant.

Agency Powers and Duties

The Agency is charged with the responsibility for eliminating blight through the process of redevelopment. Generally, this process is culminated when the Agency disposes of land for development by the private sector, but before this can be accomplished, the Agency must complete the process of acquiring and assembling the necessary sites, relocating residents and businesses, demolishing the deteriorated improvements, grading and preparing the sites for purchase by developers and providing for ancillary off-site improvements.

Redevelopment in the State is carried out pursuant to the Redevelopment Law. Section 33020 of the Redevelopment Law defines redevelopment as the "planning, development, replanning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of all or part of a survey area and the provision of such residential, commercial, industrial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them."

All powers of the Agency are vested in its five members. The Agency exercises all of the governmental functions authorized under the Redevelopment Law and has, among other powers, the authority to acquire, administer, develop and sell or lease property, including the right of eminent domain, and the right to issue debt and expend the proceeds.

The Agency invests any amounts held by it in accordance with the Agency's investment policy. See Appendix B for more detailed information on the Agency's investment policy.

Agency Financial Statements

The Redevelopment Law requires redevelopment agencies to have an independent financial audit conducted each year. The financial audit is also required to include an opinion of the Agency's compliance with laws, regulations and administrative requirements governing activities of the Agency. The firm of Lance Soll & Lunghard, LLP, Brea, California, prepared a financial statement for the Agency for the fiscal year ended June 30, 2001. The firm's examination was made in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States. The Agency follows fund accounting principles reflecting the modified accrual basis of accounting in which revenues are recognized when they become measurable and available and expenditures are generally recognized when incurred except for principal and interest on general long-term debt, which is recognized when due.

Lance Soll & Lunghard's auditor's report concludes that the June 30, 2001 general financial statements of the Agency present fairly, in all material respects, the financial position of the Agency at June 30, 2001, and the results of its operations for the year then ended. The firm's report on compliance and on internal control over financial reporting states that (a) the results of the firm's tests disclosed no instances of noncompliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and (b) the firm noted no

Exhibit B

matters involving the internal control over financial reporting and its operation that they consider to be material weaknesses.

The audited financial statements of the Agency, including Lance Soll & Lunghard's auditor's report and report on compliance and on internal control over financial reporting, are attached as "APPENDIX C - Audited Financial Statements of the Agency for Fiscal Year Ended June 30, 2001." Lance Soll & Lunghard has not performed any post-audit review of the financial condition or operations of the Agency.

Outstanding Agency Debt

The Agency currently has the following outstanding indebtedness. See "APPENDIX C - Audited Financial Statements of the Agency for Fiscal Year Ended June 30, 2001" for additional information relating to the payment of indebtedness of the Agency.

Senior Debt. The definition of "Tax Revenues" excludes amounts required to be used to pay debt service on the 1989 Loan, made by the Authority to the Agency and securing the debt service on the 1989 Bonds, and on the 1993 Loans, also made by the Authority to the Agency and securing debt service on the 1993 Bonds. Debt service on the 2002 Bonds and the 1999 Series A Bonds is payable on a basis subordinate to the 1993 Loans and the portion of the 1989 Loans corresponding to the outstanding 1989 Bonds.

The 1989 Bonds and 1993 Bonds are further described below:

	Outstanding <u>Principal Amount</u> [1]	Final Accreted <u>Value</u> [2]	Date Subject <u>to Redemption</u> Maturity
1989 Bonds [1]	\$480,593	\$1,240,000	
	Original <u>Principal Amount</u>	Amount Currently <u>Outstanding</u> [3]	Date Subject <u>to Redemption</u> Nov. 2003
1993 Bonds	\$128,070,000	\$119,045,000	

- [1] The 1989 Bonds were originally issued as current interest and capital appreciation bonds; all of the current interest bonds have previously been redeemed. The outstanding amount shown above excludes accreted interest. The 1989 Bonds mature in 2002, 2003 and 2004.
- [2] See "TABLE 1 - DEBT SERVICE SCHEDULES" above.
- [3] As of November 1, 2001.

The table below shows the allocation of the outstanding 1993 Loans among the Component Areas, as of July 1, 2001.

<u>Component Area</u>	<u>1993 Loans</u>	<u>% Share</u>
Component Area No. 1	\$47,355,000	39%
Component Area No. 2	12,770,000	11
Component Area No. 3	<u>60,200,000</u>	<u>50</u>
Total	\$120,325,000	100%

Parity Debt. The Agency issued the 1999 Series A Bonds in October 1999. The 2002 Bonds are secured on a parity with the 1999 Series A Bonds, which were outstanding in the principal amount of \$28,175,000 as of November 1, 2001.

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Subordinate Debt. The Agency also has incurred the following obligations, all of which are payable on a basis subordinate to the 1999 Series A Bonds and the 2002 Bonds.

1999 Series B Bonds. The Agency issued the 1999 Series B Bonds in October 1999, concurrently with the 1999 Series A Bonds. The 1999 Series B Bonds are subordinate to the lien of the 2002 Bonds and the 1999 Series A Bonds, and were outstanding in the principal amount of \$18,705,000 as of November 1, 2001.

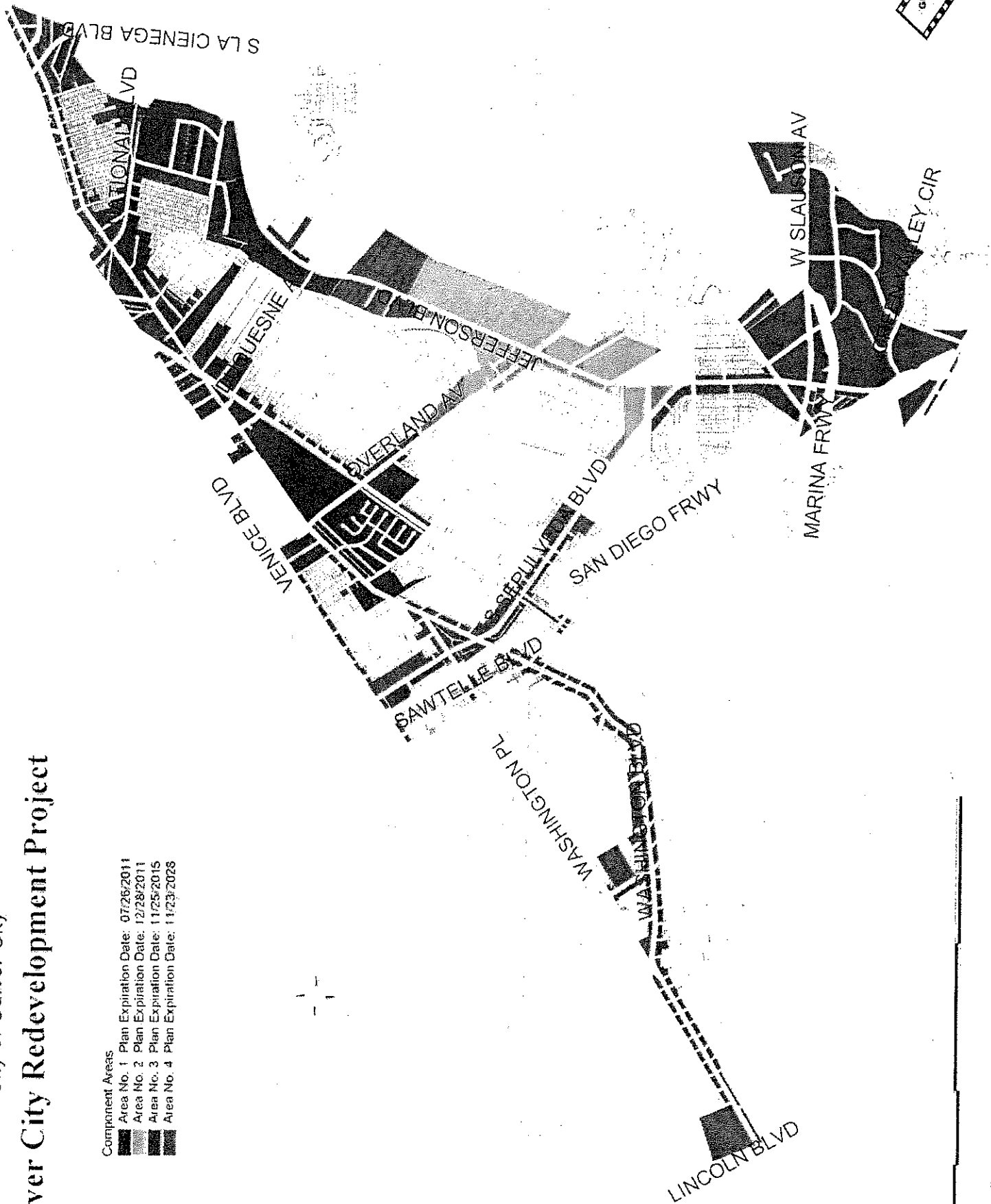
City Loan to Agency. Since fiscal year 1993-94 the City has advanced funds to the Agency (the "City Loan") to facilitate various redevelopment activities. The outstanding principal amount the City Loan was \$538,291 as of June 30, 2001. The City Loan is interest bearing and is due on demand. The City Loan has no claim on Tax Revenues.

Agency/City Cooperation Agreements. The Agency and the City have entered into Cooperation Agreements for Component Areas Nos. 1, 2 and 3, which require the Agency to reimburse the City for advances related to various capital or public improvements of benefit to the respective Component Areas. This indebtedness to the City is subordinate to any tax allocation indebtedness incurred by the Agency, including 1989 Loans, the 1993 Loans, the 1999 Series A Bonds and the 2002 Bonds.

Culver City Redevelopment Project

Component Areas

- Area No. 1 Plan Expiration Date: 07/25/2011
- Area No. 2 Plan Expiration Date: 12/28/2011
- Area No. 3 Plan Expiration Date: 11/25/2015
- Area No. 4 Plan Expiration Date: 11/23/2028



THE CULVER CITY REDEVELOPMENT PROJECT

General

The Culver City Redevelopment Project (the "Project Area") was formed by the merger of three existing project areas of the Agency and the addition of additional land to the Project Area, with the following gross acreage as set forth below:

<u>Former Project Area</u>	<u>Component</u>	<u>Gross Acres</u>
Slauson-Sepulveda Redevelopment Project Area No. 1	"Component Area No. 1"	306
Overland-Jefferson Redevelopment Project Area No. 2	"Component Area No. 2"	184
Washington-Culver Redevelopment Project Area No. 3	"Component Area No. 3"	526
	"Component Area No. 4"	<u>270</u>
	TOTAL:	1,286

Pursuant to Ordinance No. 98-014 adopted by the City Council on November 23, 1998, each of the currently existing redevelopment plans for the Components (each, a "Redevelopment Plan") was amended to provide, among other things, for the merging of Component Areas Nos. 1, 2 and 3 into the Project Area. Ordinance No. 98-015, adopted by the City Council on November 23, 1998, added territory known as "Component Area No. 4" to the Project Area.

Redevelopment Plan Limitations

The land use restrictions in each Component Area of the Redevelopment Plan expire upon different dates as shown below. Furthermore, no loans, advances or indebtedness to be repaid from tax increment revenues of any Component Area may be established or incurred by the Agency after the expiration of the date set forth in the Redevelopment Plan for such Component Area, but such loan, advance or indebtedness may be repaid with tax increment revenue until the last date the Agency may receive tax increment revenue under the Redevelopment Plan for that Component Area.

In 1993, the California Legislature enacted AB 1290. Among the changes to the Redevelopment Law accomplished by AB 1290 was a provision which limits the period of time for incurring and repaying loans, advances and indebtedness which are payable from tax increment revenues. As part of the 1998 Redevelopment Plan amendment the Agency established, with respect to Component Areas Nos. 1, 2 and 3, time limits on incurring loans, advances and indebtedness, the redevelopment plan termination dates set forth below, and the last dates to receive tax increment revenues set forth below. The 1998 Redevelopment Plan amendment also set time limits for Component Area No. 4, pursuant to applicable law governing the addition of new territory to a redevelopment project area, with respect to establishing loans, advances, and indebtedness to be paid with tax increment revenue, the deadline for effectiveness of the amendment to the redevelopment plan set forth below, and the last date on which indebtedness may be repaid with tax increment revenues set forth below.

Exhibit B

The following table summarizes the Redevelopment Plan expiration dates for each of the Component Areas and the final date on which each Component Area can receive tax increment revenue.

<u>Component Area</u>	<u>Plan Adoption</u>	<u>Plan Expiration</u>	<u>Last Date to Receive Tax Increment</u>
Component Area No. 1	July 26, 1971	July 26, 2011	July 26, 2021
Component Area No. 2	December 28, 1971	December 28, 2011	December 28, 2021
Component Area No. 3	November 24, 1975	November 24, 2015	November 24, 2025
Component Area No. 4	November 23, 1998	November 23, 2028	November 23, 2043

The last dates to receive tax increment revenue from Component Areas Nos. 1 and 2 will occur before the final maturity of the 2002 Bonds and the 1999 Series A Bonds, meaning that, after 2021, debt service on the 2002 Bonds and the 1999 Series A Bonds will be payable solely from tax increment derived from Component Areas Nos. 3 and 4. Significant defaults by the owners of property in Component Areas Nos. 3 and 4 in the payment of property taxes after 2021 could adversely affect the ability of the Agency to pay debt service on the 2002 Bonds and the 1999 Series A Bonds. See "RISK FACTORS – Future Limits on Receiving Tax Increment."

The Redevelopment Plan specifies (i) the cumulative total of tax increment revenues the Agency may collect in Component Areas Nos. 1, 2 and 3, and (ii) the maximum bonded indebtedness that may be outstanding in Component Area No. 4. The table below shows these limits for the Component Areas, as well as the cumulative amount of tax increment revenue collected in each Component Area, from the time of adoption of the respective Component Areas, according to the records of the Agency. Component Area No. 4 has no limit on the total tax increment revenues that may be collected, in that redevelopment plans adopted after January 1, 1994 have no such requirement. However, the maximum outstanding bonded indebtedness payable from tax increment revenues the Agency may incur with respect to Component Area No. 4 is \$100 million.

<u>Component Area</u>	<u>Permitted Cumulative Tax Revenues</u>	<u>Tax Increment Revenues Received through January 2002</u>	<u>Maximum Outstanding Bonded Indebtedness</u>
Component Area No. 1	\$ 755,000,000	\$103,180,897	no limit
Component Area No. 2	830,000,000	67,282,767	no limit
Component Area No. 3	3,080,000,000	132,076,888	no limit
Component Area No. 4	no limit	917,870	\$100 million

Exhibit B

Land Use

The table below summarizes Project Area land uses and assessed values by land use.

TABLE 2
Summary of Land Uses

<u>Designated Land Use</u>	<u>No. of Parcels</u>	<u>2001-02 Value</u>	<u>Percent of Total Value</u>
Commercial			
Office	195	\$455,664,084	18.00%
Retail	380	320,708,403	12.67
Miscellaneous	323	144,783,246	5.72
Hotel & Motel	<u>26</u>	<u>75,417,640</u>	<u>2.98</u>
Subtotal	924	996,573,373	39.37
Industrial			
Manufacturing	254	\$329,525,254	13.02
Movies & Television	11	116,848,873	4.62
Warehouse/Distribution	71	84,856,777	3.35
Miscellaneous	<u>31</u>	<u>6,545,799</u>	<u>0.26</u>
Subtotal	367	537,776,703	21.25
Residential			
Condominiums	2,151	312,232,433	12.34
Single Family	449	122,617,522	4.84
Multi-Family	<u>253</u>	<u>64,745,513</u>	<u>2.56</u>
Subtotal	2,853	499,595,468	19.74
Institutional Uses	42	39,488,953	1.56
Vacant Land	129	28,661,566	1.13
Other Uses/Publicly Owned	222	20,181,173	0.80
State Assessed Non-Unitary	NA	378,975	0.01
Unsecured Assessments	<u>NA</u>	<u>408,311,415</u>	<u>16.13</u>
Totals - Merged Area	4,518	\$2,530,967,626	100.00%

Source: Keyser Marston Associates Inc.

Major Taxable Property Owners

Major Owners List. The following table lists the major property owners in the Project Area (including certain entities related to Sony Corporation, which are considered together as a single owner) as of the date of this Official Statement based on the records of the County Assessor's office and information compiled by Agency staff.

TABLE 3
Largest Taxable Property Owners for Fiscal Year 2001-02

<u>Assessee</u>	<u>Property Use</u>	<u>Component Area</u>	<u>No. of Parcels</u>	<u>2001-02 Secured Assessed Value</u>	<u>% of Total Project Value [1]</u>
Sony-Related Entities					
Lot Inc.	Film Studios/Offices	3	5	\$158,370,473	6.26%
Sony Pictures Properties Inc.	Film Production [2]	3	22	102,338,678	4.04
TCE - FilmLand	Commercial Office [3]	3	1	86,291,420	3.41
Sony Unsecured Assessments	N/A	1 and 3	18	<u>155,637,722</u>	<u>6.15</u>
Subtotal Sony				502,638,293	19.86%
Fox Hills Mall L.P.	Shopping Center [4]	1	10	75,276,640	2.97
Arden Realty	Commercial Office [5]	1	5	69,024,272	2.73
Brotman Partners LP	Medical Center [6]	3	8	44,223,040	1.75
Amberdon Corporate Pointe Ltd.	Office Building [7]	1	3	38,500,000	1.52
Teachers Insurance Annuity	Commercial Office [8]	1	11	33,172,908	1.31
Culver Center Partners LLC	Shopping Center [9]	3	31	29,540,868	1.17
Costco Wholesale Corporation	Retail Development [10]	4	5	23,705,261	0.94
USA Park Place Inc.	Commercial Office [11]	1	17	21,522,010	0.85
TIAA Realty	Commercial Office [12]	1	2	<u>19,111,107</u>	<u>0.76</u>
Total				\$856,714,399	33.85%

- [1] Based upon reported fiscal year 2001-02 Project Area value of \$2,530,967,626.
- [2] The owner has pending property tax appeals on 2 parcels for fiscal year 2001-02. See "APPENDIX G - Fiscal Consultant Report."
- [3] Movie-related business occupied by Sony under a long-term lease.
- [4] Westfield Shoppingtown Fox Hills (formerly named Fox Hills Mall), a shopping and retail center.
- [5] Includes an 83,000 square foot office building in the Fox Hills Business Center, a 12-story office building, a parking structure and two other office buildings.
- [6] 500-bed Brotman Medical Center. The owner has pending property tax appeals on 7 parcels for fiscal year 1999-00 and on 1 parcel for fiscal year 2001-02. See "APPENDIX G - Fiscal Consultant Report."
- [7] Two office buildings totaling 204,612 square feet and a 1,395-space parking structure in Corporate Pointe.
- [8] Office buildings in Fox Hills Business Center and Buckingham Heights Business Park.
- [9] Westside Walk, a 10.5-acre shopping center formerly known as Culver Center. The owner has a pending property tax appeal on 1 parcel for fiscal year 2000-01. See "APPENDIX G - Fiscal Consultant Report."
- [10] A 223,000 square-foot retail center that includes a Costco Store that opened in June 1999, as well as Lucky/Sav-On and other retail businesses.
- [11] A 160,000 square foot office complex known as Park Place consisting of 16 buildings.
- [12] Two office buildings in Fox Hills Business Center.

Source: Keyser Marston Associates Inc.

Appeals by Major Owners. As indicated in the footnotes to the table above, certain major taxpayers have appealed portions of their property assessments. To the extent that such appeals are resolved but are not yet reflected in the County's report of assessed value, the Fiscal Consultant has adjusted amounts to reflect post-appeal value. Property owners with pending assessment appeals are shown above with their pre-appeal valuations. The Fiscal Consultant has included an estimate of the reduction resulting from resolved and pending appeals in the projection of Tax Revenues presented in "Projected Tax Revenues." See "APPENDIX G - Fiscal Consultant Report."

Likelihood of Future Concentration of Ownership. The last dates to receive tax increment revenue from Component Areas Nos. 1 and 2 are July 26, 2021 and December 28, 2021, respectively, meaning that tax increment revenue derived from those Component Areas will become unavailable to the Agency prior to the maturity date of the Bonds. See "-

Redevelopment Plan Limitations" above. The three largest property owners in the Project Area (all of which are affiliated with Sony), currently representing a total of 19.86% of total taxable value in the Project Area, are located in Component Area No. 3. Therefore, the concentration of taxable property ownership on these three Sony-affiliated entities is likely to increase significantly after 2021. See "RISK FACTORS – Future Limits on Receiving Tax Increment."

Existing Land Ownership, Land Use and Current Development

Discussion of Top Five Ownership Interests. The following discussion summarizes information regarding the five owners of land with the highest assessed value in the Project Area.

Sony Corporation. The global operations of Sony Pictures Entertainment, Inc. ("SPE"), encompass motion picture production and distribution, television programming and syndication, home video acquisition and distribution, operation of studio facilities, development of new entertainment technologies and distribution of filmed entertainment in 67 countries world-wide. Its affiliated companies own or control the three properties with the highest assessed value in the Project Area. Lot Inc. is the record owner of the main studio lot and the four acre Thalberg Office Building parcel and adjacent parking lot, all of which were originally a portion of the original motion picture production and office facilities of Metro-Goldwyn-Mayer Film Company. Lot Inc. is an affiliated company of Sony Corporation of America.

In December 1989 Lot Inc. acquired the main studio lot, which includes a variety of movie production and recording studios that today represent one of the most complete filmmaking facilities in Southern California. SPE uses the site as its headquarters and locus for film production activities. Sony and its divisions, Columbia Tri-Star Motion Picture Group, Columbia Tri-Star Home Entertainment, Columbia Tri-Star Domestic Television and Columbia Tri-Star International Television, are presently operating on the site.

SPE, also through affiliated companies, owns and operates The Culver Studios facility (the original David O. Selznick Studio) as a non-competing, complementary facility. The Culver Studios facility houses 14 sound stages and are currently utilized as a film and television production facility. In June 1994 the Agency approved an Owner Participation Agreement with Culver Studios, resulting in the construction of an approximately 150,000 square foot building for office and studio space (Sony Imageworks) over a 616-space subterranean parking garage on an adjacent parcel. The Agency assisted with assembling the parcel for development. SPE is in the process of listing the Culver Studios for a possible sale.

The Filmland Corporate Center, the largest single building in the downtown area, is the result of a disposition and development agreement between the Agency and Filmland Development, Inc. (the third largest assessee in the Project Area). Completed in March 1986, the U-shaped building, consisting of eight stories and a three-level underground parking structure for 1,100 vehicles, provides 320,000 square feet of space. Located immediately east of the main studio facilities, the Filmland Corporate Center (now called Sony Pictures Plaza) is now occupied by SPE under a long-term lease.

Fox Hills Mall L.P. The Westfield Shoppingtown Fox Hills regional shopping center (formerly named Fox Hills Mall), built in 1975 on 49.60 gross acres pursuant to a disposition and development agreement, is the largest single completed development in Component Area No. 1. The complex consists of three department stores (Macy's, J.C. Penney, and Robinsons-May), a two- and three-level enclosed tenant mall (with 131 specialty stores), and associated parking. The Agency contributed funds to a \$6 million conversion of the Broadway Department Store into a Macy's Department Store, which was completed in December 1997.

Exhibit B

In October 1998, Trizec-Hahn sold the mall and other properties in California to Westfield America, Inc., a real estate investment trust. Westfield America subsequently transferred the property to its subsidiary, Fox Hills Mall L.P.

The following table summarizes gross building area and commercial space associated with Westfield Shoppingtown Fox Hills:

	Gross Area (square feet)
Department Stores:	
Macy's [1]	168,154
J.C. Penney [1]	191,488
Robinsons-May	147,845
Tenant Area in Mall	318,083
Public Common Area in Mall	167,691
California Federal Savings and Loan and Office	7,954
Goodyear	7,470
J.C. Penney Home Store	19,900
Office Building	25,565
Total	1,054,150

[1] Includes other detached retail outlets.

Source: Culver City Redevelopment Agency.

Arden Realty. Arden Realty Finance Partnership owns a four-story, 83,000 square foot office building in the Fox Hills Business Center, a 12-story office building known as 600 Corporate Pointe, a multilevel parking garage known as 601 Corporate Pointe, and an office building known as 400 Corporate Pointe.

Current Development. The following discussion summarizes information regarding current office, industrial, retail, residential and public developments in the Project Area.

Office/Industrial.

Corporate Pointe. In 1981, the Agency entered into a Disposition and Development Agreement ("DDA") for the development of Corporate Pointe, a master-planned multi-phase development that provides for up to 1,550,000 square feet of gross leaseable floor area of office space, including restaurants and associated retail stores. To date, six of the nine planned buildings have been constructed containing approximately 745,377 square feet of office space, including two office buildings and a 1,395-space parking structure owned by Amberdon Corporate Pointe, Ltd., and an office building with 109,400 square feet of leasable space owned by Prudential Insurance. Twelve acres remain vacant. Discussions about potential users for the remaining vacant properties have been on-going with the Bank of Montreal, the lender on the property. The Agency expects that it will amend its DDA with the new owners of the property, but that the future development will be supportive of and complementary to the existing office park improvements.

Jefferson Boulevard. The Agency adopted a Design for Development (DFD) for the north side of Jefferson Boulevard in 1977 to guide future development. One site rehabilitated to substantially conform with the DDA was recently renovated. Approximately 60% of the site is leased to CarsDirect.com. Elsewhere on Jefferson Boulevard, the architectural firm HOK moved to Culver City in 2001.

Howard Industries. In December, 1994 the Agency approved a Disposition and Development Agreement for the development of the Howard Industries project, a warehouse, distribution and office facility for heating, ventilation and air conditioning equipment distribution, consisting of approximately 164,000 square feet of gross floor area. This project was completed in March 1997.

Hayden Tract. The 57-acre area known as the Hayden Tract is the City's largest and oldest industrial area containing almost 1.5 million square feet of leaseable industrial and commercial space. The area boasts some of the most interesting adaptive architecture in the area, with several buildings creatively redesigned by award-winning architect Eric Owen Moss. The Agency has funded public improvements (such as street lighting, street trees and parking lot improvements), provided financial assistance to new businesses in this area, and implemented a special marketing effort. Among the area's notable businesses are Smashbox (photo studio), Ogilvy & Mather (advertising), Sussman/Prejza (graphic design), Jason Natural Products (natural cosmetics), Southern California Graphics (printing), Viant (Internet services), SmashBox Cosmetics, and HSI Productions (commercial production). Several of the buildings have earned the distinction as "Architecture as Art." The Agency reported approximately 296,000 square feet of leaseable space in the Hayden Tract were being advertised for lease as of February 2002.

Entertainment-Related Uses.

Culver Regional Business Park. The Culver Regional Business Park consists of 26 acres on which 548,000 square feet of buildings are located. The property has been subdivided and is owned by multiple interests. Buildings within this development range from 10,000 to 70,000 square feet. In recent years, media production companies have rented space in this business park.

10950 Building. The former Hamilton-Avnet facility has been transformed into a center for businesses linking new digital imaging technologies with the traditional communications, film and television industries. New businesses include Centropolis Effects, Intertainer and Unapix.

Commercial/Retail.

Kite Site Master Plan. On July 5, 1994, the Agency approved Disposition and Development Agreements with Office Depot, Inc. and Circuit City Stores, Inc., and General Motors, who proposed a master planned development for the Kite Site, a major parcel owned by the Agency. The 25,000 square foot Office Depot and the 33,000 square foot Circuit City celebrated their grand openings in Fall 1995. Fox Hills Buick, a dealership for Pontiac, Buick and GMC Trucks, opened for business in December 1995. As part of the Kite Site Master Plan effort, a 7,200 square foot restaurant was built on a nearby site in March 1995.

Target/Staples Center. The Target/Staples Center consists of a Target Store and Staples Office Supply. A 19,000 square foot addition to the Target Store was completed in Spring 1997. Immediately adjacent to the Target/Staples Center is a five-acre 55,675 square foot retail commercial development consisting of 15 shops, including a Ross Dress for Less department store.

Westside Walk. Westside Walk (formerly Culver Center) is a 50-year old community shopping center that was rehabilitated pursuant to a disposition and development agreement with the Agency. In 1999, it was renamed "Westside Walk."

Exhibit B

Major tenants of this 10.5 acre facility are: Ralphs Market, Rite-Aid Drug, Sit 'n Sleep, Goodyear Tires, Starbuck's, Robek's Juice, Bally Health Clubs, and a branch of Bank of America. A new Best Buy store was completed in September 2000. Westside Walk is owned by Culver Center Partners, LLC.

Car Dealerships. The Project Area contains several car dealerships, including Culver City Import Group, Mike Miller Toyota, Albertson Oldsmobile and Westside Volvo, most of which have remained in business for many years and continue to provide auto sales and service. A new 54,000 square-foot Mike Miller Honda dealership facility on a 1.88-acre site was completed in October 2001.

Proposed Town Plaza Development. Following the May 3, 1999 certification of an Environmental Impact Report, on September 7, 1999, the City Council and the Agency approved a Disposition and Development Agreement with DDR OliverMcMillan Culver City, LLC. The DDA was amended once in March 2001, substituting OliverMcMillan as the Developer, and a second amendment was approved on March 18, 2002, to modify the development to be a mixed-use entertainment complex including a maximum 1,850 seat cinema (12 screens), and food service uses. In addition, the Agency will construct an 800-space public parking structure on the former Murphy Buick site that the Agency acquired in 1997.

Costco Development. A 223,000 square-foot commercial development was recently completed on an 18-acre site on Washington Boulevard, which includes a new Costco Store (which opened in June 1999), a Lucky/Sav-On Store, and other retail. The property was formerly the site of a McDonnell Douglas aircraft and assembly plant and later a Hughes Helicopter assembly plant.

Culver City Self Storage. Culver City Self Storage a 119,577 square-foot project, was recently completed.

Beacon Laundry. Renovation and adaptive reuse of a locally designated historic building, Beacon Laundry, and a 10,000 square-foot building addition, is slated for completion in Spring 2002. The building is located at the northeast corner of Washington Boulevard and Helms Avenue and is intended for new retail and office use, design studios and furniture showrooms.

Residential.

Playa Pacifica Townhomes. Sited on an 11 acre tract, the Playa Pacifica townhome development consists of 173 planned condominium units. Phase I, consisting of 74 units, was completed in 1993. Phase II, consisting of 49 units was completed in Spring 1998. Phase III, consisting of 50 units, was completed in Fall 1998.

The Classics at Heritage Park. The Agency approved a Disposition and Development Agreement with Braemar Urban Ventures, The Lee Group, Inc., and the Educational Resource and Services Center, Inc. (ERAS) on March 9, 1998, for the sale and development of the former Studio Drive-In Theatre, a nine-acre site located between Sepulveda Boulevard and Jefferson Boulevard. The development consists of 57 single family dwellings to be known as "The Classics at Heritage Park" and construction of a 39,000 square-foot facility for the Kayne-ERAS Center. Construction was completed in 2000.

Affordable Housing. In support of the residential neighborhoods, the Agency has provided assistance in the construction of 229 new low and moderate income dwelling

units and the rehabilitation of 511 multifamily units and provided assistance through 711 single family residential grants to dwelling units which are owned or occupied by low or moderate income families. Rehabilitation assistance has been provided to property owners through secured loans, with interest rates subsidized by tax increment revenues. The Agency also acquired several marginally developed lots which have been sold and developed with lower-rent apartment and market-rate single-family homes. In addition, a mixed-use commercial and residential project that includes 20 rental units affordable to low- and moderate-income persons was completed in April 1999 with affordable housing financial assistance from the Agency.

Public Improvements and Facilities.

Machado Road. The Agency funded the construction of a connector road along the southeasterly side of The Classics at Heritage Park site to reduce traffic congestion on Sepulveda Boulevard and Jefferson Boulevard. Construction of the connector road (renamed Machado Road) was completed in May 1994.

Police Headquarters. A 10,000 square-foot expansion to the Culver City Police Department headquarters facility, funded and managed by the Agency, was completed in 1999.

Downtown Streetscape. Several public improvements have been undertaken in the downtown area, including the funding of numerous improvements to Culver Boulevard, including new 30-foot wide sidewalks, street furniture, landscaped median islands, street trees, reconstruction of the Culver/Washington Boulevard intersection, and funding extensive public art installations.

Senior Center Development. The Agency has committed the three-acre former Interim City Hall site at 4095 Overland Avenue for construction of a new senior center. The Agency anticipates construction to be complete in mid 2002.

Downtown Area.

Culver Theater. In 1985, the Agency acquired the Culver Theater, a motion picture theater with an approximate 900 seat capacity. The Agency completed asbestos remediation in October 1995. The Agency has approved an agreement with a development team lead by Center Theatre Group, the performing arts group that operates the Mark Taper Forum and Ahmanson Theater in Los Angeles, to renovate and operate this facility as a performing arts venue. The theater was renamed the Kirk Douglas Theater in honor of a \$2.5 million donation by Anne and Kirk Douglas.

Ivy Substation and Media Park. Pursuant to the terms of a 50-year lease executed in 1987 with the City of Los Angeles, the Agency completed the award winning renovation of Ivy Substation and Media Park. The Ivy Substation is an historic building identified on the National Register of Historic Places. This facility can be rented for private parties, and is also used for cultural activities and as a live performance venue.

City Hall and Other Public Buildings. The Agency funded and managed the construction of the new 80,000 square foot City Hall, completed in the summer of 1995. Also in Downtown, the Agency funded construction of the 330-space Watseka Public Parking Structure (completed in September, 1992), Replacement Fire Station No. 1 (completed in February, 1993), and construction of the 400-space Cardiff Public Parking Structure (completed in October 1999).

Paseo Network. In November 1997, the Agency approved the Paseo Network Concept Plan, which set forth the framework and priorities for making improvements to alleyways in the City. The Agency completed the first link of the Paseo Network in 1997 with improvements adjacent to the Sagebrush Cantina, and a second phase in 1999. The Agency approved concept plans for the third and final phase in February 2002.

Revitalization Programs.

Washington Helms Commercial District. The award-winning Washington Boulevard Streetscape Project was completed in April 1998 at a total cost of \$5.7 million. The Agency is actively encouraging new investment through the East Washington Overlay Zone, adopted by the City Council in December 1994, and the Facade Improvement Program.

West Washington Action Plan. On February 4, 2002 the Agency approved an Action Plan for the portion of Washington Boulevard from the 405 freeway to the westerly City limit. The Action Plan was the product of three community workshops. The Action Plan includes a vision statement and five major goals and will be implemented in phases over several years.

Commercial Facade Improvement Programs. In 1992 the Agency initiated Commercial Facade Improvement Programs for the Downtown and East Washington areas. In November 1993 the Agency helped establish the Culver City Revitalization Corporation, a non-profit corporation dedicated to funding the rehabilitation of commercial properties located in the City of Los Angeles, but at the gateway to Downtown Culver City. Based on the success of these programs, on October 21, 1996, the Agency adopted the Mid-Washington Commercial Facade Improvement Program for the south side of Washington Boulevard between Overland Avenue and Elenda Street. On June 21, 1999, the Agency approved the Sepulveda Boulevard Commercial Facade Improvement Program. The Facade Programs grant property owners or businesses up to 60 percent for the cost of rehabilitating the building's facade, up to a maximum amount established by formula. By the end of 2001, staff had worked with 90 properties, completed 59 projects and had another 11 in progress. The expenditure of a total of \$3.1 million in Agency funds has resulted in over \$9.2 million in private investment combining to produce over \$12.3 million in facade improvements.

Statutory Pass Through Requirements

Debt service on the Bonds is subject to the statutory pass-through requirements, as follows. The Projected Tax Revenue table set forth in this Official Statement (Table 8) assumes that the amount of Tax Revenues available to pay debt service reflects the prior payment of the pass-through payments from tax increment generated in the Project Area.

Component Areas Nos. 1, 2 and 3. On November 23, 1998, the Agency approved technical amendments to the redevelopment plans for Component Areas Nos. 1, 2 and 3, which extended the time limits for establishing debt. As a result, the Agency is required to allocate the statutory pass-through to the affected taxing entities commencing in the first fiscal year following the one in which one or more of the limitations amended in 1998 would have otherwise taken effect. For each of Component Areas No. 1, 2 and 3, the statutory pass-through will commence in Fiscal Year 2004-05 according to the following formulas (except for payments to the School District with respect to Component Area No. 2, which will be made through the subordination agreement described under "Tax Sharing Agreement" below):

Exhibit B

(a) From Fiscal Year 2004-05 through Fiscal Year 2013-14, the Agency will pay affected taxing agencies an amount equal to 25% of the tax increment received by the Agency in excess of the Fiscal Year 2003-04 adjusted base value (net of the 20% required to be deposited into the Low and Moderate Income Housing Fund).

(b) Commencing in Fiscal Year 2014-15, the Agency will pay affected taxing agencies, in addition to the amount specified in (a) above, an amount equal to 21% of the tax increment in excess of the Fiscal Year 2013-14 adjusted base value (net of the 20% required to be deposited into the Low and Moderate Income Housing Fund).

Component Area No. 4. Component Area No. 4 is subject to the statutory pass-through requirements providing for the following specific formulas for payment by the Agency to affected taxing entities:

(a) From the first fiscal year through the last fiscal year in which the Agency receives tax increment from Component Area No. 4, the Agency will pay affected taxing agencies an amount equal to 25% of the tax increments received by the Agency (net of the 20% required to be deposited into the Agency's Low and Moderate Income Housing Fund).

(b) From the eleventh fiscal year through the last fiscal year in which the Agency receives tax increment from Component Area No. 4, the Agency will pay affected taxing agencies, in addition to the amount specified in (a) above, an amount equal to 21% of the tax increment which are in excess of the values in Component Area No. 4 in the tenth fiscal year (net of the 20% required to be deposited into the Low and Moderate Income Housing Fund).

(c) From the thirty-first fiscal year through the last fiscal year in which the Agency receives tax increments, the Agency will pay affected taxing agencies, in addition to the amount specified in (a) and (b) above, an amount equal to 14% of the tax increments received by the Agency from Component Area No. 4 which are in excess of the values in Component Area No. 4 in the thirtieth fiscal year (net of the 20% required to be deposited into the Low and Moderate Income Housing Fund).

Tax Sharing Agreement

In 1990 the Agency, the City and the School District entered into a Third Amended Agreement for the Overland-Jefferson Redevelopment Project No. 2 (the "Subordination Agreement"), effective March 27, 1990. Under the Subordination Agreement, the Agency agreed to make certain annual payments to the School District, and the School District agreed that all such annual payments made on and after September 30, 1994, would be subordinate to (i) the Agency's bonded indebtedness as of the date of the Subordination Agreement, (ii) future indebtedness for refunding such bonded indebtedness in annual amounts not to exceed the then-current annual debt service, and (iii) the Agency's sale of new, non-refunding tax allocation bonds; provided, however, that the Agency agreed it would not incur any indebtedness for such bonds when it is reasonably foreseeable such indebtedness would impair the Agency's obligations under the Subordination Agreement. Failure by the Agency to size such new bonds in the manner required by the Subordination Agreement constitutes a material breach of the Subordination Agreement. Payments by the Agency under the Subordination Agreement are also subordinate to the Agency's annual administrative costs for Component Area No. 2, the Agency's programs/projects set forth in the cash flow analysis for Component Area No. 2 dated March 13, 1990, and the Agency's retention of an annual balance of \$1 million for Component Area No. 2.

Low and Moderate Income Housing

Legal Requirements. The Redevelopment Law generally requires redevelopment agencies to set aside 20% of all tax increment revenues derived from redevelopment project areas in a low and moderate income housing fund.

Deferred Set-Aside Payments. During fiscal years 1985-86 through 1995-96, pursuant to Section 33334.6 of the Redevelopment Law, the Agency made the required findings to defer certain of its low and moderate income housing deposit requirements. As of June 30, 2001, the Agency had deferred the payment of \$22,463,596. This obligation will be repaid from tax increment revenues in future years after certain existing obligations and bonded indebtedness (including the Bonds) are repaid.

Priority of Senior Obligations. The obligation of the Agency under the Redevelopment Law to set aside moneys for low and moderate income housing activities is subordinate to the Agency's obligation to make principal and interest payments on certain obligations created prior to January 1, 1986 ("Senior Obligations"). Obligations incurred on or after January 1, 1986 are deemed obligations created prior to January 1, 1986 if the net proceeds are used to refinance Senior Obligations.

A portion of the proceeds of the 1989 Bonds constituted Senior Obligations because they were used to refund bonds of the Agency that were issued in 1985 (prior to January 1, 1986). The proceeds of the 1993 Bonds were used entirely to refund a portion of the 1989 Bonds. Therefore, the portion of 1993 Bond proceeds used to refund the Senior Obligation portion of the 1989 Bonds also constitutes Senior Obligations. The Senior Obligation portion of the 1993 Bonds is approximately 51.4%. Similarly, a portion of the proceeds of the 1999 Series A Bonds was used to refund the remaining portion of the 1989 Bonds. Therefore, the portion of the 1999 Series A Bond proceeds used to refund the Senior Obligation portion of the remaining 1989 Bonds (approximately 30.0%) also constitutes Senior Obligations.

Amounts Available From Low and Moderate Income Housing Fund to Pay Debt Service on the Bonds. Under the Redevelopment Law, the Agency must use amounts deposited in the Low and Moderate Income Housing Fund to increase, improve, and preserve the supply of low and moderate income housing within the jurisdiction of the Agency. Although debt service on the portion of the 1999 Series A Bonds (approximately 0.3%) is payable from the Low and Moderate Income Housing Fund, no debt service on the 2002 Bonds is payable from the Low and Moderate Income Housing Fund.

TAX REVENUES

Historic Assessed Value and Tax Revenues

Set forth in the table below is a summary of the historical assessed values in the Project Area for the current and five prior fiscal years.

Table 4
Historic Project Area Assessed Values

	1996-97	1997-98	1998-99 [2]	1999-00	2000-01	2001-02	Avg %
	<u>Areas 1,2,3</u>	<u>Areas 1,2,3</u>	<u>Areas 1,2,3,4</u>	<u>Areas 1,2,3,4</u>	<u>Areas 1,2,3,4</u>	<u>Areas 1,2,3,4</u>	<u>Chg</u>
Secured :							
Land	\$602,041,376	\$590,700,268	\$783,952,715	\$813,435,506	\$895,178,504	956,489,956	6.89%
Improvements	838,736,535	867,531,181	1,002,188,672	1,066,526,816	1,127,940,453	1,169,953,471	5.30
Personal Property	3,776,315	11,149,012	13,226,742	12,099,937	11,649,140	11,621,715	(4.16)
Exemptions	<u>19,192,900</u>	<u>19,481,776</u>	<u>28,025,785</u>	<u>27,746,306</u>	<u>26,390,703</u>	<u>15,408,931</u>	(15.83)
Total Secured	1,425,361,326	1,449,898,685	1,771,342,344	1,864,315,953	2,008,377,394	2,122,656,211	6.22
Percentage Change	0.36%	1.72%	22.17%	5.25%	7.73%	5.69%	
Unsecured :							
Land	0	0	0	0	0	0	0.00
Improvements	50,091,031	47,897,542	72,443,538	69,050,159	64,089,988	100,971,589	15.23
Personal Property	171,908,797	190,361,113	237,986,859	249,247,186	303,962,224	307,952,988	9.33
Exemptions	<u>314,100</u>	<u>470,900</u>	<u>560,800</u>	<u>714,800</u>	<u>579,300</u>	<u>613,162</u>	4.78
Total Unsecured	221,685,728	237,787,755	309,869,597	317,582,545	367,472,912	408,311,415	9.77
Percentage Change	8.43%	7.26%	30.31%	2.49%	15.71%	11.11%	
Merged Area Value [1]							
Land	602,041,376	590,700,268	783,952,715	813,435,506	895,178,504	956,489,956	6.89
Improvements	888,827,566	915,428,723	1,074,632,210	1,135,576,975	1,192,030,441	1,270,925,060	5.75
Personal Property	175,685,112	201,510,125	251,213,601	261,347,123	315,611,364	319,574,703	8.68
Exemptions	<u>19,507,000</u>	<u>19,952,676</u>	<u>28,586,585</u>	<u>28,461,106</u>	<u>26,970,003</u>	<u>16,022,093</u>	(15.42)
Total Merged Area	\$1,647,047,054	\$1,687,686,440	\$2,081,211,941	\$2,181,898,498	2,375,850,306	2,530,967,626	6.75
Percentage Change	1.37%	2.47%	23.32%	4.84%	8.89%	6.53%	

Source: Keyser Marston Associates, Inc., based on information provided by the Los Angeles County Auditor-Controller.

The following table shows, for each of the most recent five fiscal years: (i) reported assessed values, (ii) incremental taxable value and total tax levy, (iii) actual receipts of tax increment, and (iv) delinquency rate (i.e., the percentage of current year collections relative to the amount levied). The County has not elected to follow the procedures of Sections 4701 et seq. of the California Revenue and Taxation Code, known as the "Teeter Plan" as to general taxes entered and collected on the secured tax roll. Therefore, property tax revenues in the Project Area reflect actual collections.

The Fiscal Consultant Report states that a comparison of the historic receipt rate revealed an average collections rate of nearly 97.8% from the calculated tax levy for the period

Exhibit B

reviewed, reflecting a delinquency rate ranging from a high of 4.84% in fiscal year 1996-97 to a low of 0.71% in fiscal year 2000-01.

TABLE 5
Historic Incremental Values and Tax Receipts

	<u>1996-97 [1]</u>	<u>1997-98 [1]</u>	<u>1998-99 [1]</u>	<u>1999-00 [1]</u>	<u>2000-01 [4]</u>
Reported Assessed Value					
Secured [2]	\$1,425,361,326	\$1,449,898,685	\$1,500,702,992	\$1,616,801,238	\$2,008,377,394
Unsecured [2]	<u>221,685,728</u>	<u>237,787,755</u>	<u>272,885,045</u>	<u>280,597,993</u>	<u>367,472,912</u>
Total Value	1,647,047,054	1,687,686,440	1,773,588,037	1,897,399,231	2,375,850,306
Less Base Value [2]	<u>235,871,675</u>	<u>235,871,675</u>	<u>235,871,675</u>	<u>235,871,675</u>	<u>543,495,579</u>
Incremental Value	1,411,175,379	1,451,814,765	1,537,716,362	1,661,527,556	1,832,354,727
Averaged Tax Rate	1.0124176%	1.0125990%	1.0122228%	1.0120130%	1.0115989%
Gross Tax Increment	14,286,943	14,701,000	15,565,040	16,814,812	18,536,048
Unitary Tax Revenue	<u>429,724</u>	<u>438,606</u>	<u>441,974</u>	<u>439,493</u>	<u>418,581</u>
Total Computed Levy	14,716,667	15,139,606	16,007,014	17,254,304	18,954,630
Tax Allocation [3]:					
Secured Tax Increment	12,289,757	12,837,046	13,339,808	14,471,389	15,760,549
Unsecured Tax Increment	1,285,413	1,523,853	1,937,351	2,124,740	2,640,566
Unitary Tax Revenue	<u>429,724</u>	<u>438,606</u>	<u>441,974</u>	<u>438,669</u>	<u>418,581</u>
Annual Tax Increment	14,004,893	14,799,505	15,719,133	17,034,798	18,819,697
Computed Levy Variance	(711,773)	(340,102)	(287,881)	(219,506)	(134,933)
% Delinquency	4.84%	2.25%	1.80%	1.27%	0.71%

[1] Exclusive of Component Area No. 4.

[2] Amounts shown as reported by the Los Angeles County Auditor-Controller in August of each fiscal year.

[3] Source: Los Angeles County Auditor-Controller year-end remittance advice summaries. Amounts represent the annual tax increment revenues allocable to the Agency and are exclusive of administrative fees, supplemental taxes, prior year redemption payments, tax refunds, adjustments by the County Assessor, and pass-through payments.

[4] Includes allocations to Component Area No. 4.
Source: Keyser Marston Associates Inc.

Appeals of Assessed Values

General. Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written appeal. After the applicant and the assessor have presented their arguments, the applicable local appeals board makes a final decision on the proper assessed value. The appeals board may rule in the assessor's favor, rule in the applicant's favor, or set its own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date. A base year assessment appeal has significant future revenue impacts because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the 2% inflation factor, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Section 51 of the Revenue and Taxation Code permits a reduction in the assessed value if the full cash value of the property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Property Tax Limitations-Article XIII A" below.

The taxable value of unitary property may be contested by utility companies and railroads to the State Board of Equalization. Generally, the impact of utility appeals is on the statewide value of a utility determined by the State Board of Equalization. As a result, the successful appeal of a utility may not impact the taxable value of a project area but could impact a project area's allocation of unitary property tax revenues.

Exhibit B

Historic Appeals. In connection with the preparation of the Fiscal Consultant's Report, the Fiscal Consultant has obtained appeal information through September 2001 from the Los Angeles County Assessment Appeals Board database. The table below shows a history of appeals in the Project Area.

TABLE 6
History of Appeals in Project Area

<u>Fiscal Year [1]</u>	<u>Total Filings</u>	<u>Stipulated or Reduced</u>	<u>Denied, Invalid, Withdrawn or Non-Appealance</u>	<u>Open Appeals</u>
2001-02	9	0	0	9
2000-01	32	6	7	19
1999-00	211	38	154	19
1998-99	182	36	130	16
1997-98	294	60	227	7
1996-97	466	88	378	0
1995-96	<u>473</u>	<u>206</u>	<u>267</u>	<u>0</u>
Total:	1667	434	1163	70

[1] Represents filings as of the beginning of each fiscal year.
Source: Keyser Marston Associates Inc.

The database of assessment appeal records for the Project Area totaled over 1,800 records. According to the Fiscal Consultant Report, based on the distribution of agency-wide appeals shown on the table above, historic statistical patterns prior to fiscal year 2000-01 indicate that an average of 24% of all filed appeals were reduced or stipulated, while approximately 72% of all filed appeals subsequently were withdrawn, denied, deemed invalid or the applicant failed to appear.

Projected Appeals and Valuation Reductions. Based on certain assumptions derived from a statistical analysis of the historic assessment records, the Fiscal Consultant has projected expected valuation reductions for open appeals in the Project Area. The following table summarizes the projected adjustments to secured and unsecured assessed values in the Component Areas (which are assumed to occur in fiscal year 2001-02) due to anticipated resolution of currently pending appeals, all as of September 2001.

TABLE 7
Projected Appeals in Project Area

<u>Component Area</u>	<u>No. of Open Appeals</u>	<u>Total Contested Value</u>	<u>Applicant Opinion of Value</u>	<u>Projected Resolved Value</u>	<u>Projected Change in Value</u>	<u>Projected Tax Refund</u>
Component Area No. 1	7	\$27,181,704	\$26,442,088	\$4,675,386	\$(1,077,381)	\$10,774
Component Area No. 2	2	503,740	1,106,548	115,000	(56,168)	(562)
Component Area No. 3	47	494,852,295	265,829,625	286,199,474	(28,979,424)	(289,794)
Component Area No. 4	<u>15</u>	<u>25,016,704</u>	<u>11,781,576</u>	<u>13,873,082</u>	<u>(3,520,620)</u>	<u>(35,206)</u>
Total	71	547,554,443	305,159,837	304,862,943	(33,633,592)	(336,336)

Source: Los Angeles County Assessment Appeals Board database, compiled by Keyser Marston Associates Inc.

Exhibit B

The projection of assessed value for fiscal year 2001-02 in the Project Area shown in Table 8 assumes reductions in assessed value due to anticipated assessment appeal reductions in the amounts shown above.

See "APPENDIX G - Fiscal Consultant Report" for a further description of assessment appeals in the Project Area, including discussion of the assumptions used in determining the projected appeal outcomes.

Projected Tax Revenues

The tax increment revenue projections for the Project Area, as prepared by Keyser Marston Associates, are summarized in the table below. These projections are based upon the actual 2001-02 fiscal year and base year assessed real property values reported by the County Auditor-Controller, increased in future years by the application of the maximum annual inflationary factor allowed under Proposition 13 (2% per year), plus any anticipated values added from new developments identified by Agency staff. Projected values in Fiscal Year 2002-03 are adjusted to reflect estimated valuation changes resulting from identified assessment appeals. The projections assume that future inflationary growth commencing in 2002-03 will be at least 2% per year. Future personal property values are assumed to stabilize at the previous year's level.

Net tax increment revenue shown below represents the gross tax increment revenue less the sum of the County's collection fee authorized under SB 2557, the estimated potential tax refund due to outstanding appeals identified by the County, and statutory pass-through payments required under AB 1290.

TABLE 8
Tax Increment Revenue Projection
Component Areas 1, 2, 3 and 4
(\$000's Omitted)

	Reported <u>2001-02</u>	Projected <u>2002-03</u>	Projected <u>2003-04</u>	Projected <u>2004-05</u>	Projected <u>2005-06</u>	Projected <u>2006-07</u>
Real Property Value	\$2,110,656	\$2,110,656	\$2,191,249	\$2,244,970	\$2,295,990	\$2,349,991
Appeal Value Change	0	(7,231)	0	0	0	0
Prop 13 Inflationary Growth	0	42,068	43,825	44,899	45,920	47,000
New Development Value Added	<u>0</u>	<u>45,756</u>	<u>9,896</u>	<u>6,121</u>	<u>8,081</u>	<u>0</u>
Total Real Property Value	2,110,656	2,191,249	2,244,970	2,295,990	2,349,991	2,396,991
Personal Property	420,312	420,312	429,811	432,117	432,239	432,239
Appeal Value Change	0	(1,224)	0	0	0	0
New Development Value Added	<u>0</u>	<u>10,723</u>	<u>2,306</u>	<u>122</u>	<u>0</u>	<u>0</u>
Total Personal Property Value	420,312	429,811	432,117	432,239	432,239	432,239
Total Project Value	2,530,968	2,621,060	2,677,087	2,728,229	2,782,230	2,829,230
Less Base Value	<u>(543,481)</u>	<u>(543,481)</u>	<u>(543,481)</u>	<u>(543,481)</u>	<u>(543,481)</u>	<u>(543,481)</u>
Incremental Value	1,987,487	2,077,579	2,133,606	2,184,749	2,238,749	2,285,749
Gross Tax Revenue	20,525	21,309	21,884	22,409	22,962	23,445
Unitary Tax Revenue	430	430	430	430	430	430
County Admin Charge	(395)	(419)	(430)	(440)	(450)	(460)
Appeal Tax Refunds	(336)	0	0	0	0	0
Statutory Pass Through [1]	<u>(128)</u>	<u>(174)</u>	<u>(195)</u>	<u>(296)</u>	<u>(403)</u>	<u>(495)</u>
Subtotal Tax Increment Revenue	20,096	21,147	21,690	22,103	22,540	22,920
Tax Increment at 20%	4,019	4,229	4,338	4,421	4,508	4,584
Housing Bond Debt Service	<u>(622)</u>	<u>(653)</u>	<u>(653)</u>	<u>(652)</u>	<u>(653)</u>	<u>(652)</u>
Annual Net Housing Set Aside	3,397	3,577	3,685	3,768	3,855	3,932
Net Tax Increment After Housing	\$16,699	\$17,570	\$18,004	\$18,335	\$18,684	\$18,988

[1] For Component Area 2, the tax sharing with Culver City Unified School District is subordinate to Agency bond debt. Therefore, the Area 2 statutory pass through calculation excludes 24.31% representing the Culver City Unified School District. See "THE CULVER CITY REDEVELOPMENT PROJECT - Tax Sharing Agreement."

Source: Keyser Marston Associates Inc.

Estimated Debt Service Coverage

The following table shows projected debt service coverage ratios based on estimated Tax Revenues from the Project Area and the combined debt service on the 2002 Bonds, the 1999 Series A Bonds, the 1993 Loans and the 1989 Capital Appreciation Senior Bonds. *Debt service on the outstanding 1989 Capital Appreciation Senior Bonds and the outstanding 1993 Loans is payable by the Agency from Tax Revenues on a senior basis to the 2002 Bonds and the 1999 Series A Bonds.*

TABLE 9
CULVER CITY REDEVELOPMENT AGENCY
Culver City Redevelopment Project
Estimated Debt Service Coverage
(\$000s)

Year	Tax Increment [1]	Senior Obligations [2]	1999 Series A Bonds Debt Service	2002 Bonds Debt Service	Total Senior & Parity Debt Service	Total Senior & Parity Coverage
2002	\$16,699	\$9,138	\$1,903	\$2,110	\$13,152	1.27 x
2003	17,570	9,139	1,931	2,081	13,152	1.34 x
2004	18,004	9,142	1,932	2,079	13,153	1.37 x
2005	18,335	8,846	2,226	2,080	13,152	1.39 x
2006	18,684	8,849	2,222	2,080	13,151	1.42 x
2007	18,988	8,841	2,230	2,079	13,1501	1.44 x

[1] Net tax increment after housing set-aside from Table 8 above.

[2] Reflects debt service on the 1989 Capital Appreciation Senior Bonds and the 1993 Loans.

Source: Culver City Redevelopment Agency.

To estimate the revenues available to pay debt service on the 2002 Bonds, the Agency has made certain assumptions with regard to the assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than the Agency's assumptions, the Tax Revenues available to pay debt service on the 2002 Bonds will, in all likelihood, be less than those projected. *No assurance can be given that the projections shown above will be met.*

The 2002 Bonds were sized in conformance with the test for issuing additional bonds set forth in the Indenture (see "SECURITY FOR THE BONDS – Issuance of Additional Bonds"), and accounting for the projected loss of tax increment revenues from Component Areas Nos. 1 and 2 after 2021 (see "THE CULVER CITY REDEVELOPMENT PROJECT – Redevelopment Plan Limitations" and "– Major Taxable Property Owners").

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 2002 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the 2002 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Reduction in Taxable Value

Tax Revenues allocated to the Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property caused by economic factors beyond the Agency's control, such as a relocation out of the Project Area by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Area by a person displaced by eminent domain or similar proceedings, or the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances" below) or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Seismic Factors" below), flood or other natural disaster, could cause a reduction in the Tax Revenues securing the 2002 Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. See "PROJECT AREA TAX REVENUES - Appeals of Assessed Values."

Any reduction of assessed valuations and the resulting decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the 2002 Bonds.

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2 percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation four times:

1993/94:	1.000%
1995/96:	1.190%
1996/97:	1.110%
1999/00:	1.853%

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

Future Limits on Receiving Tax Increment

The last dates to receive tax increment revenue from Component Areas Nos. 1 and 2 are July 26, 2021 and December 28, 2021, respectively, meaning that tax increment revenue derived from those Component Areas will become unavailable to the Agency prior to the maturity date of the Bonds. After 2021, debt service on the 2002 Bonds and the 1999 Series A Bonds will be payable solely from tax increment derived from Component Areas Nos. 3 and 4. The three current largest property owners in the Project Area (all of which are affiliated with Sony), currently representing a total of 19.86% of total taxable value in the Project Area, are located in Component Area No. 3. Therefore, the concentration of taxable property ownership on these three Sony-affiliated entities is likely to increase significantly after 2021. Significant defaults by the owners of property in Component Areas Nos. 3 and 4 in the payment of property taxes after 2021 could adversely affect the ability of the Agency to pay debt service on the 2002 Bonds and the 1999 Series A Bonds. See "THE CULVER CITY REDEVELOPMENT PROJECT – Redevelopment Plan Limitations" and "– Major Taxable Property Owners."

Litigation Regarding 2% Limitation

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 a Proposition 8 appeal and the condition causing reduction (e.g., recession in the real estate market) has ceased to influence the value of property.

The court ruled that the California Constitution and the California Revenue and Taxation Code limit the year to year change in value of property to 2% except in situations described in law but not limited to the instances mentioned above. The court also found that the California Constitution does not authorize a temporary decline in the base value of property that can be restored at a rate higher than 2%.

At this time, this case applies only to the Orange County assessor, but if appealed and upheld on appeal, the ruling could become binding on County assessor's statewide. 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 and the Project Area. See "TAX REVENUES – Appeals of Assessed Values."

Levy and Collection

The Agency does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay the 2002 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. Because the County has not adopted the Teeter Plan, the Agency's tax increment revenues reflect actual collections rather than the amount levied. See "PROJECT AREA TAX REVENUES - Historic Assessed Value and Tax Revenues."

Risks Associated With Additional Bonds

As described in "SECURITY FOR THE BONDS - Issuance of Additional Bonds," the Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to payment of debt service on the 2002 Bonds. In addition, debt service on the 2002 Bonds is payable from Tax Revenues on a subordinate basis with debt service on the outstanding portion of the 1993 Loans. The existence of and the potential for such obligations increases the risks associated with the Agency's payment of debt service on the 2002 Bonds in the event of a decrease in the Agency's collection of Tax Revenues.

Bankruptcy Risks

The enforceability of the rights and remedies of the owners of the 2002 Bonds and the obligations of the Agency may become 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 equitable principles which may limit the specific enforcement under state law of certain remedies: the exercise by 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 of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the 2002 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

State Budget

In connection with its approval of the budgets for Fiscal Years 1992-93, 1993-94 and 1994-95, the State Legislature enacted legislation, among other things, reallocated a portion of funds from redevelopment agencies to school districts by shifting each agency's tax increment, net of amounts due to other taxing agencies, to school districts. At present, the State is not requiring this reallocation to continue in the future; however, there can be no assurances that reallocations will not be required in the future.

Seismic Factors

The City, like most regions in the State of California, is located in an area of seismic activity from movements along the active fault zones and, therefore, could be subject to potentially destructive earthquakes. In January 1994, an earthquake of magnitude 6.8 on the Richter Scale occurred in the northwest San Fernando Valley which caused widespread damage to commercial and residential structures. The City's General Plan Seismic Safety element identifies potential risks and hazards that may relate to future land use planning in the City.

The Seismic Safety Element includes maps of known seismic, geologic and soils conditions. In addition, the City also refers to updated maps prepared by the State geologist, pursuant to the Alquist-Priolo Earthquake Fault Zoning Act and the Seismic Hazard Mapping Act, that identify hazard zones susceptible to surface faulting, liquefaction and slope failure. Construction projects within such hazard zones are required to provide to the City additional geologic studies to identify mitigation measures to limit the potential for loss of life and property damage.

According to the City's Seismic Safety Element, the two most probable major earthquake sources for the City are the San Andreas Fault Zone (located 45 miles from the City at its closest point), and the Newport-Inglewood Fault Zone, a portion of which is located within the City. The City is also in proximity to the Overland and Charnock faults, but movement along those faults is not anticipated because evidence suggests those faults are no longer active.

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 of assessed valuations could result in a reduction of the Tax Revenues that secure the 2002 Bonds.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2002 Bonds, or, if a secondary market exists, that the 2002 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption

As discussed under the caption "OTHER MATTERS - Tax Matters," interest on the 2002 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2002 Bonds were issued as a result of future acts or omissions of the Agency in violation of its covenants contained in the Indenture. Should such an event of taxability occur, the 2002 Bonds are not subject to special redemption or any increase in interest rate and may remain outstanding until maturity.

LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS

Property Tax Limitations - Article XIII A

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1 percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in June 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property from the 1 percent limitation.

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

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

Challenges to Article XIII A

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

Implementing Legislation

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

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

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

Property Tax Collection Procedures

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

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

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

Penalties. A 10 percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5 percent per month to the time of redemption and a \$15 Redemption Fee. If taxes are unpaid for a period of five years or more, the property is recorded

in a "Power to Sell" status and is subject to sale by the county tax collector. A 10 percent penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1-1/2 percent per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

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

Disbursement to the Agency. The secured tax revenues are disbursed beginning in December with a 35 percent advance payment followed by a 5% advance in January. A reconciliation payment reflecting actual first installment collections is made in February. In April, 75% of the total levy is disbursed to the Agency, followed by a reconciliation payment in May reflecting actual second installment collections. Final payments are generally allocated in August. Over-allocations, if any, are deducted from the next year's allocation. The unsecured tax increment revenues are advanced in November and March of each year, with final reconciliation payments made in August.

Supplemental Assessments. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. The statute may provide increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent such supplemental assessments occur within the Project Area, Tax Revenues may increase. The Fiscal Consultant has not included supplemental assessments in the tax increment projection set forth in Table 8.

Tax Collection Fees. SB 2557 (Chapter 466, Statutes of 1990) permits county auditors to withhold a portion of annual tax revenues for the recovery of county charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge.

For fiscal year 2001-02, the County charge for the Merged Area totaled \$395,186 (approximately 2% of gross tax increment). The tax increment projection set forth in Table 8 assumes that the County will continue to charge the Agency for property tax administration and that future charges will continued to be applied in subsequent fiscal years at a factor of approximately 2% of gross tax increment revenue.

Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies and herein defined as "Unitary Property") is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro-rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro-rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property has been changed

to January 1. Railroad property will continue to be assessed and revenues allocated to all tax rate areas where the railroad property is sited.

According to the County Auditor-Controller, the Agency should receive nearly \$430,300 in unitary tax revenues for Component Areas 1, 2 and 3 in Fiscal Year 2001-02. The projections of tax increment revenue in the Merged Area shown in Table 8 assume that the unitary tax revenues will stabilize at this amount in Fiscal Year 2002-03 and thereafter.

Appropriations Limitations - Article XIII B

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

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

Exclusion of Tax Revenues for General Obligation Bonds Debt Service

An initiative to amend the California Constitution entitled "Property Tax Revenues Redevelopment Agencies" was approved by California voters at the November 8, 1988 general election. Under prior law, a redevelopment agency using tax increment revenue received additional property tax revenue whenever a local government increased its property tax rate to pay off its general obligation bonds. This initiative amended the California Constitution to allow the California Legislature to prohibit redevelopment agencies from receiving any of the property tax revenues raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness. The initiative only applies to tax rates levied to finance general obligation bonds approved by the voters on or after January 1, 1989. Any revenue reduction to redevelopment agencies would depend on the number and value of the general obligation bonds approved by voters in prior years, which tax rate will reduce due to increased valuation subject to the tax or the retirement of the indebtedness. The Agency did not experience a revenue loss as a result of the initiative.

Proposition 218

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

Future Initiatives

Article XIII A, Article XIII B 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 expend revenues.

OTHER MATTERS

Litigation

The Agency will covenant on the Closing Date that no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or threatened

(i) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices;

(ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Financing Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Agency or its authority to issue the Bonds;

(iii) which may result in any material adverse change relating to the Agency; or

(iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and

(v) there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) above.

Ratings

The 2002 Bonds have received the rating of "AAA" by Standard & Poor's, a Division of the McGraw-Hill Companies ("Standard & Poor's"), and "AAA" by Fitch Ratings, in each case with the understanding that upon execution and delivery of the 2002 Bonds MBIA will issue its municipal bond insurance policy insuring the payment when due of the principal and interest on the 2002 Bonds. Such ratings reflect only the views of such organizations and an explanation of the significance of such rating may be obtained from Standard & Poor's and Fitch Ratings, respectively.

The ratings issued reflect only the view of such rating agencies, and any explanation of the significance of such ratings should be obtained from such rating agencies. There is no assurance that such ratings will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in the judgment of such

rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any ratings obtained may have an adverse effect on the market price of the 2002 Bonds.

Tax Matters

The Internal Revenue Code of 1986 (the "Code") establishes certain requirements which must be met subsequent to the issuance and delivery of the 2002 Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2002 Bonds to be included in gross income for Federal income tax purposes retroactively to the date of issue of the 2002 Bonds. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the 2002 Bonds are to be invested and require, under certain circumstances, that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States of America. The Agency has covenanted in the Indenture to maintain the exclusion of the interest on the 2002 Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law, interest on the 2002 Bonds is exempt from personal income taxation of the State of California and, assuming compliance with the aforementioned covenant, interest on the 2002 Bonds is excluded from gross income for Federal income tax purposes. Bond Counsel are also of the opinion that the 2002 Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Code and, therefore, the interest on the 2002 Bonds will not be treated as a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. Interest on the 2002 Bonds owned by corporations will, however, be taken into account in determining the alternative minimum tax imposed by Section 55 of the Code on 75 percent of adjusted current earnings over alternative minimum taxable income (determined without regard to this adjustment and the alternative tax net operating loss deduction).

If the issue price of a 2002 Bond (the first price at which a substantial amount of the 2002 Bonds of a maturity are to be sold to the public) is less than the stated redemption price at maturity of such 2002 Bond, the difference constitutes original issue discount, which is excluded from gross income for Federal income tax purposes to the same extent as interest on the 2002 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such 2002 Bond and the basis of each 2002 Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such 2002 Bonds, even though there will not be a corresponding cash payment. Owners of such 2002 Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such 2002 Bonds.

If the issue price of a 2002 Bond is greater than the stated redemption price at maturity of such 2002 Bond, the difference constitutes original issue premium, which is not deductible from gross income for Federal income tax purposes. The amount of amortizable Bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each such 2002 Bond or, in the case of a callable 2002 Bond, on a more accelerated basis. For purposes of determining gain or loss on the sale or other disposition of such 2002 Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such 2002 Bond annually by the amount of amortizable Bond premium for the taxable year.

Bond Counsel have not undertaken to advise in the future whether any events after the date of issuance of the 2002 Bonds may affect the tax status of interest on the 2002 Bonds. No assurance can be given that future legislation, or amendments to the Code, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the 2002 Bonds from gross income for Federal income tax purposes. Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel express no opinions as to any 2002 Bond, or the interest thereon, if any such change occurs or action is taken upon the advice or approval of bond counsel other than Richards, Watson & Gershon.

Although Bond Counsel have rendered an opinion that interest on the 2002 Bonds is excluded from gross income for Federal income tax purposes, an Owner's Federal tax liability may otherwise be affected by the ownership or disposition of the 2002 Bonds. The nature and extent of these other tax consequences will depend upon the Owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the 2002 Bonds should be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the 2002 Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the 2002 Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the 2002 Bonds, (iii) interest on the 2002 Bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code, (iv) interest on the 2002 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (v) passive investment income, including interest on the 2002 Bonds, may be subject to Federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the 2002 Bonds. Bond Counsel have expressed no opinion regarding any such other tax consequences. The opinion of Bond Counsel regarding exemption from personal income taxation in the State of California and the exclusion from gross income for Federal income tax purposes of interest on the 2002 Bonds, and approving the validity of the 2002 Bonds, will be substantially in the form set forth in Appendix D hereto.

Continuing Disclosure

The Agency has undertaken for the benefit of holders and beneficial owners of the 2002 Bonds to provide certain financial information and operating data relating to the Agency by not later than nine months following the end of the Agency's fiscal year (which currently would be by March 31 each year based upon the June 30 end of the Agency's fiscal year), commencing March 31, 2003 with the report for the 2001-02 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Agency with each Nationally Recognized Municipal Securities Information Repository, and with the appropriate State information depository, if any. The notices of material events will be filed by the Agency with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX E – Form of Continuing Disclosure Agreement." These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

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The Agency has not failed to comply in any material respects with previous undertakings to provide annual reports and notices of material events under the Rule.

Underwriting

Stone & Youngberg LLC (the "Underwriter") has agreed to purchase the 2002 Bonds at a purchase price of \$28,282,093.60 (being the aggregate principal amount of the Bonds (\$28,280,000.00) plus a net original issue premium of \$254,068.40 and less an underwriter's discount of \$251,974.80). The Underwriter may change the initial public offering prices of the Bonds from time to time. The Bond Purchase Agreement provides that the Underwriter will purchase all the 2002 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including, among others, the approval of certain legal matters by counsel.

EXECUTION

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

CULVER CITY REDEVELOPMENT AGENCY

By: /s/ Mike Thompson
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. Such summary is not intended to be definitive, and reference is made to the complete documents for the complete terms thereof.

Definitions

Accreted Value

The term "Accreted Value" means, with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial amount thereof and the interest accrued and compounded thereon, as determined in accordance with the provisions of the Supplemental Indenture authorizing issuance of such Bonds, to such date of calculation.

Additional Allowance

The term "Additional Allowance" means, as of the date of calculation, the amount of Tax Revenues which, as shown in a Consultant's Report, are estimated to be receivable by the Agency in the next Fiscal Year as a result of increases in the assessed valuation of taxable property in the Project Area due to construction which has been completed but has not yet been reflected on the tax roll.

Agency

The term "Agency" means the Culver City Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

Annual Debt Service; Average Annual Debt Service; Maximum Annual Debt Service; Combined Maximum Annual Debt Service

The term "Annual Debt Service" means, for each Bond Year, the sum of (1) the interest falling due on all Outstanding Bonds in such Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds, if any, are redeemed from the Sinking Account, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (2) the principal amount of the Outstanding Serial Bonds, if any, maturing by their terms in such Bond Year, and (3) the minimum amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year.

With respect to Capital Appreciation Bonds, the Accreted Value payment shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bonds.

If any Bonds bear interest payable pursuant to a variable interest rate formula, the interest rate on such Bonds for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of (a) the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if such 25 Bond Revenue Index is no longer published) or (b) the average variable rate of interest borne by such Bonds during the preceding 36 months or, if such Bonds were not outstanding during all of the preceding 36 months, the highest interest rate borne by variable interest rate debt for

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which the interest rate is computed by reference to a variable interest rate formula comparable to that utilized for such Bonds.

"Annual Debt Service" shall not include (a) interest on Bonds which is to be paid from amounts constituting capitalized interest or (b) principal and interest allocable to that portion of the proceeds of any Bonds required to remain unexpended and to be held in escrow pursuant to the terms of a Supplemental Indenture, provided that (i) projected interest earnings on such amounts, if any, deposited by the Agency in the Interest Account, are sufficient to pay the interest due on such portion of the Bonds so long as it is required to be held in escrow and (ii) the conditions for the release of such proceeds from escrow, insofar as they relate to Tax Revenue coverage and satisfaction of the Reserve Account Requirement, are substantially the same as those for the issuance of Additional Bonds.

The term "Average Annual Debt Service" means the average Annual Debt Service over all Bond Years.

The term "Maximum Annual Debt Service" means the largest Annual Debt Service during the period from the date of calculation through the final maturity date of any Outstanding Bonds.

The term "Combined Maximum Annual Debt Service" means the largest sum in any Bond Year of (i) Annual Debt Service plus (ii) Debt Service as defined in the 1993 Loan Agreements payable under the 1989 Loan Agreements and the 1993 Loan Agreements during the period from the date of calculation through the final maturity date of any Outstanding Bonds.

Authority

The term "Authority" means the Culver City Redevelopment Financing Authority.

Authorized Investments

The term "Authorized 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, as certified by the Agency to the Trustee:

A. Federal Securities;

B. Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Rural Economic Community Development Administration
- General Services Administration
- U.S. Maritime Administration
- Small business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Federal Financing Bank;

C. Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

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- Senior debt obligations rated "Aaa" by Moody's or "AAA" by Fitch issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;

D. U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's or the equivalent rating by Fitch and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.);

E. Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's or the equivalent rating by Fitch and which matures not more than 270 days after the date of purchase;

F. Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

G. Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(1) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or Fitch or any successors thereto; or

(2) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

H. General obligations of states with a rating of at least "A2/A" or higher by Moody's, S&P or Fitch;

I. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

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interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Redevelopment Fund, construction draws) on the Bonds;

the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Agency and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

the Agency or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Agency and the Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Bond Insurer;

the investment agreement shall provide that if during its term

the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3" respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Agency, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Agency or the Trustee (who shall give such direction if so directed by the Bond Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Agency or Trustee, and

the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral,

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any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

the investment agreement must provide that if during its term

the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Agency or the Trustee (who shall give such direction if so directed by the Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Agency or Trustee, as appropriate, and

the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Agency or Trustee, as appropriate.

Bonds, Series 1999A Bonds, Series 1999B Bonds, Additional Bonds, Capital Appreciation Bonds, Serial Bonds, Term Bonds

The term "Bonds" means the Series 1999A Bonds and all Additional Bonds.

The term "Series 1999A Bonds" means the Culver City Redevelopment Agency, Tax Allocation Refunding Bonds, 1999 Series A (Culver City Redevelopment Project).

The term "Series 1999B Bonds" means the Culver City Redevelopment Agency, Subordinate Tax Allocation Refunding Bonds, 1999 Series B (Culver City Redevelopment Project).

The term "Series 2002 Bonds" means the Culver City Redevelopment Agency, Tax Allocation Refunding Bonds, 2002 Series A (Culver City Redevelopment Project).

The term "Additional Bonds" means all tax allocation bonds of the Agency authorized and executed pursuant to the Indenture and issued and delivered in accordance with Article IV.

The term "Capital Appreciation Bonds" means any Additional Bonds described as such when issued.

The term "Serial Bonds" means Bonds for which no mandatory sinking account payments are provided.

The term "Term Bonds" means Bonds which are payable on or before their specified maturity dates from mandatory sinking account payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Insurance Policy

The term "Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the applicable Bond Insurer and guaranteeing, in whole or in part, the payment of principal of and interest on a Series of Bonds.

Bond Insurer

The term "Bond Insurer" means the issuer or issuers of a policy or policies of municipal bond insurance (other than a Qualified Reserve Account Credit Instrument) obtained by the Agency to insure the payment of principal of and interest on a Series of Bonds issued under the Indenture, when due otherwise than by acceleration, and which, in fact, are at any time insuring such Series of Bonds. With respect to the Series 1999A Bonds, the term "Bond Insurer" means FSA. With respect to the Series 2002 Bonds, the term "Bond Insurer" means MBIA Insurance Corporation. For the purposes of this definition, all consents, approvals or actions required by the Bond Insurer shall be unanimous action of all Bond Insurers if there is more than a single Bond Insurer.

Bond Year

The term "Bond Year" means (i) with respect to the initial Bond Year, the period extending from the date the Series 1999A Bonds are originally delivered to November 1, 2000, and (ii) thereafter, each successive twelve month period ending on November 1.

Business Day

The term "Business Day" means a day other than a Saturday, a Sunday or a day on which banks located in the city where the Corporate Trust Office of the Trustee is located are required or authorized to remain closed.

Certificate of the Agency

The term "Certificate of the Agency" means an instrument in writing signed by the Chairman or the Executive Director of the Agency, or by any other officer of the Agency duly authorized by the Agency for that purpose.

City

The term "City" means the City of Culver City, California.

Closing Date

The term "Closing Date" means the date of delivery of a Series of Bonds to the original purchaser thereof.

Code

The term "Code" means the Internal Revenue Code of 1986, and any regulations promulgated thereunder.

Consultant's Report

The term "Consultant's Report" means a report signed by an Independent Financial Consultant or an Independent Redevelopment Consultant, as may be appropriate to the subject of the report, and including:

- (1) a statement that the person or firm making or giving such report has read the pertinent provisions of this Indenture to which such report relates;

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(2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based;

(3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said Independent Financial Consultant or Independent Redevelopment Consultant to express an informed opinion with respect to the subject matter referred to in the report.

County

The term "County" means the County of Los Angeles, California.

Federal Securities

The term "Federal Securities" means United States Treasury notes, bonds, bills or certificates of indebtedness, or other evidences of indebtedness secured by the full faith and credit of the United States of America; and also any securities now or hereafter authorized both the interest on and principal of which are guaranteed directly by the full faith and credit of the United States of America, as and to the extent that such securities are eligible for the legal investment of Agency funds.

Final Compounded Amount

The term "Final Compounded Amount" means the Accreted Value of a Capital Appreciation Bond at maturity.

Fiscal Year

The term "Fiscal Year" means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the Agency as its Fiscal Year in accordance with the Law and identified in writing to the Trustee.

Housing Fund

The term "Housing Fund" means the Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Law and held by the Agency.

Independent Certified Public Accountant

The term "Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Agency, and who, or each of whom:

- (1) is in fact independent and not under the 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 a member, officer or employee of the Agency, but who may be regularly retained to make annual or other audits of the books of or reports to the Agency.

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Independent Financial Consultant

The term "Independent Financial Consultant" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the Agency and who, or each of whom:

- (1) is in fact independent and not under the 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 a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

Independent Redevelopment Consultant

The term "Independent Redevelopment Consultant" means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies, appointed and paid by the Agency, and who, or each of whom:

- (1) is in fact independent and not under the 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 a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

Information Services

The term "Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard and Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or to such other addresses and/or such other services providing information with respect to called bonds as the Agency may designate to the Trustee in writing.

Insurance Paying Agent

The term "Insurance Paying Agent" means, with respect to the Bond Insurance Policy issued by MBIA, State Street Bank and Trust Company, N.A., or its successors under such Bond Insurance Policy.

Interest Payment Date

The term "Interest Payment Date" means each May 1 or November 1 on which interest on any Series of Bonds is scheduled to be paid.

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Law

The term "Law" means the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto.

MBIA

The term "MBIA" means MBIA Insurance Corporation.

1989 Authority Bonds

The term "1989 Authority Bonds" means, collectively, the outstanding Culver City Redevelopment Financing Authority, 1989 Revenue Bonds, Series A (Senior Lien Project Loans) and 1989 Revenue Bonds, Series B (Subordinate Lien Project Loans).

1989 Loan Agreements

The term "1989 Loan Agreements" means, collectively, the 1989 Project No. 1 Senior Loan Agreement, the 1989 Project No. 1 Subordinate Loan Agreement, the 1989 Project No. 2 Loan Agreement, the 1989 Project No. 3 Senior Loan Agreement and the 1989 Project No. 3 Subordinate Loan Agreement.

1989 Project No. 1 Senior Loan Agreement

The term "1989 Project No. 1 Senior Loan Agreement" means the Project No. 1 Loan Agreement (Senior Lien) dated as of November 1, 1989, among the Agency, the Authority and the predecessor of the Trustee.

1989 Project No. 1 Subordinate Loan Agreement

The term "1989 Project No. 1 Subordinate Loan Agreement" means the Project No. 1 Loan Agreement (Subordinate Lien) dated as of November 1, 1989, among the Agency, the Authority and the predecessor of the Trustee.

1989 Project No. 2 Loan Agreement

The term "1989 Project No. 2 Loan Agreement" means the Project No. 2 Loan Agreement (Senior Lien) dated as of November 1, 1989, among the Agency, the Authority and the predecessor of the Trustee.

1989 Project No. 3 Senior Loan Agreement

The term "1989 Project No. 3 Senior Loan Agreement" means the Project No. 3 Loan Agreement (Senior Lien) dated as of November 1, 1989, among the Agency, the Authority and the predecessor of the Trustee.

1989 Project No. 3 Subordinate Loan Agreement

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The term "1989 Project No. 3 Subordinate Loan Agreement" means the Project No. 3 Loan Agreement (Subordinate Lien) dated as of November 1, 1989, among the Agency, the Authority and the predecessor of the Trustee.

1989 Series A Trust Agreement

The term "1989 Series A Trust Agreement" means the Series A Trust Agreement dated as of November 1, 1989, by and between the Authority and the predecessor of the Trustee.

1993 Loan Agreements

The term "1993 Loan Agreements" means, collectively, the 1993 Project No. 1 Loan Agreement, the 1993 Project No. 2 Loan Agreement and the 1993 Project No. 3 Loan Agreement.

1993 Project No. 1 Loan Agreement

The term "1993 Project No. 1 Loan Agreement" means the Project No. 1 Loan Agreement (Senior Lien) dated as of November 1, 1993, among the Agency, the Authority and the predecessor of the Trustee.

1993 Project No. 2 Loan Agreement

The term "1993 Project No. 2 Loan Agreement" means the Project No. 2 Loan Agreement (Senior Lien) dated as of November 1, 1993, among the Agency, the Authority and the predecessor of the Trustee.

1993 Project No. 3 Loan Agreement

The term "1993 Project No. 3 Loan Agreement" means the Project No. 3 Loan Agreement (Senior Lien) dated as of November 1, 1993, among the Agency, the Authority and the predecessor of the Trustee.

Outstanding

The term "Outstanding" when used as of any particular time with reference to Bonds, means all Bonds except --

- (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

Owner

The term "Owner" means the registered owner of any Outstanding Bond according to the registration books held by the Trustee.

Plan Limitations

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The term "Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on the aggregate amount of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan.

Project

The term "Project" means the undertaking of the Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area.

Project Area

The term "Project Area" means the project area described in the Redevelopment Plan, known as the Culver City Redevelopment Project.

Qualified Reserve Account Credit Instrument

The term "Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met: (i) at the time of issuance of the instrument, the long-term credit rating of such bank is within the highest rating category of Moody's and Standard & Poor's, or the claims paying ability of such insurance company is rated within the highest rating category of A.M. Best & Company and Standard & Poor's; (ii) such letter of credit or surety bond has a term of at least 12 months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Account Requirement with respect to which funds are proposed to be released; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes of the Reserve Account, including the replenishment of the Interest Account, the Principal Account or the Sinking Account.

Record Date

The term "Record Date" means with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

Redevelopment Fund

The term "Redevelopment Fund" means the Culver City Redevelopment Project Redevelopment Fund held by the Trustee.

Redevelopment Plan

The term "Redevelopment Plan" means the Redevelopment Plan for the Project Area, adopted and approved as the Official Redevelopment Plan for the Project Area by Ordinance Nos. 98-014 and 98-015 adopted by the City Council of the City on November 23, 1998, together with all amendments thereof or supplements thereto heretofore or hereafter made in accordance with the Law.

Refunded Bonds

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The term "Refunded Bonds" means the portion of the 1989 Authority Bonds to be refunded, namely, all of the outstanding Current Interest Bonds as defined in the 1989 Series A Trust Agreement.

Reserve Account Requirement

The term "Reserve Account Requirement" (to be confirmed by the Agency to the Trustee upon the Trustee's request) means, as of any calculation date, with respect to each Series of Bonds, an amount equal to the least of (i) ten percent (10%) of the proceeds (within the meaning of Section 148 of the Code) of that portion of such Series of Bonds Outstanding with respect to which Annual Debt Service is calculated, (ii) 125% of Average Annual Debt Service of such Series or (iii) Maximum Annual Debt Service of such Series.

Securities Depositories

The term "Securities Depositories" means: The Depository Trust Company, 711 Stewart Avenue, Garden City, 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, Dex-(215) 496-5058; or such other addresses and/or such other securities depositories as the Agency may designate to the Trustee in writing.

Series

The term "Series", when used with reference to the Bonds, means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Indenture or a Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

Sinking Account Installment

The term "Sinking Account Installment" means the amount of money required by or pursuant to this Indenture to be paid by the Agency on any single date toward the retirement of any particular Term Bonds of any particular Series on or prior to their respective stated maturities.

Special Fund

The term "Special Fund" means the Culver City Redevelopment Project Special Fund held by the Agency.

Supplemental Indenture

The term "Supplemental Indenture" means any indenture then in full force and effect which has been entered into by the Agency and the Trustee, amendatory of or supplemental to this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate

The term "Tax Certificate" means the Tax Certificate dated the date of the original delivery of each Series of Bonds (except any Series of Bonds which the Agency shall certify to the Trustee is not intended to meet the requirements for tax exemption under the Code) relating to the requirements of certain provisions of

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the Code, as each such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

Tax Revenues

The term "Tax Revenues" means, for each Bond Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Law in connection with the Project Area (excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code and (b) amounts required to be used to comply with the terms of the 1989 Loan Agreements and the 1993 Loan Agreements). "Tax Revenues" include amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 or Section 33334.6 of the Law, as provided in the Redevelopment Plan, but only to the extent such amounts are used to pay principal or interest or other financing charges with respect to bonds or other obligations issued to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area.

Total Maturity Amount

The term "Total Maturity Amount" means with respect to any Outstanding Bond other than a Capital Appreciation Bond, the aggregate principal amount thereof and, with respect to any Outstanding Capital Appreciation Bond, the Final Compounded Amount thereof.

Issuance of Additional Bonds

Conditions for the Issuance of Additional Bonds

The Agency may at any time after the issuance and delivery of the Series 1999A Bonds issue Additional Bonds payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, but only subject to the following specific conditions:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture and any Supplemental Indentures, and a Certificate of the Agency to that effect shall have been filed with the Trustee.

(b) The issuance of such Additional Bonds shall have been duly authorized pursuant to the Law and all applicable laws, and shall have been provided for by a Supplemental Indenture duly adopted by the Agency which shall specify the following:

(1) The purpose for which such Additional Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Additional Bonds to be applied solely for (i) the purpose of aiding in financing the Project, including payment of all costs incidental to or connected with such financing, and/or (ii) the purpose of refunding any Bonds or other indebtedness related to the Project, including payment of all costs incidental to or connected with such refunding;

(2) The authorized principal amount of such Additional Bonds;

(3) The date and the maturity date or dates of such Additional Bonds; provided that (i) Principal and Sinking Account Payment Dates may occur only on Interest Payment Dates, (ii) all such Additional Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial

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maturities or mandatory Sinking Account Installments, or any combination thereof, shall be established to provide for the retirement of all such Additional Bonds on or before their respective maturity dates;

(4) The Interest Payment Dates, which shall be on the same semiannual dates as the Interest Payment Dates for the Series 1999A Bonds; provided, that such Additional Bonds may provide for compounding of interest in lieu of payment of interest on such dates;

(5) The denomination and method of numbering of such Additional Bonds;

(6) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(7) The amount and due date of each mandatory Sinking Account Installment, if any, for such Additional Bonds;

(8) The amount, if any, to be deposited from the proceeds of such Additional Bonds in the Interest Account;

(9) The amount, if any, to be deposited from the proceeds of such Additional Bonds into the Reserve Account; provided that the amount on deposit in the Reserve Account shall be increased at or prior to the time such Additional Bonds become Outstanding to an amount at least equal to the Reserve Account Requirement on all then Outstanding Bonds and such Additional Bonds, which amount shall be maintained in the Reserve Account;

(10) The form of such Additional Bonds; and

(11) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) Tax Revenues (excluding any unsubordinated payments to taxing agencies pursuant to the Law) based upon the assessed valuation of taxable property in the Project Area as shown on the most recently equalized assessment roll preceding the date of the Agency's adoption of the Supplemental Indenture providing for the issuance of such Additional Bonds plus, at the option of the Agency, the Additional Allowance, and projected annual Tax Revenues over the term of the Bonds based on current Tax Revenue collections, shall be in an amount equal to at least one hundred twenty-five percent (125%) of Combined Maximum Annual Debt Service following the issuance of such Additional Bonds, as evidenced by a Consultant's Report.

(d) Surplus Tax Revenues (as defined in the Series 1999B Indenture) shall be in an amount equal to at least one hundred percent (100%) of maximum annual debt service as defined in the Series 1999B Indenture following the issuance of such Additional Bonds, as evidenced by a Consultant's Report.

For purposes of calculating Tax Revenues, a tax rate of \$1.00 per \$100 of assessed valuation shall be assumed and the plan expiration dates with respect to Component Area No.1 and Component Area No.2 of the Project Area (and the last dates on which the Agency shall be entitled to receive tax increment revenues from such component areas) shall be taken into account.

For purposes of the issuance of Additional Bonds, the amount of Tax Revenues will be the amount received in the most recent Fiscal Year (which may be the current Fiscal Year) for which records are available from the County establishing the assessed valuations of property in the Project Area.

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For the purposes of the issuance of Additional Bonds, Outstanding Bonds shall not include any Bonds the proceeds of which are deposited in an escrow fund held by the Trustee or an escrow agent ("Escrow Bonds"), provided that the Supplemental Indenture authorizing issuance of such Escrow Bonds shall provide that: (i) such proceeds shall be invested in Federal Securities which mature within three months of the escrow expiration date and which bear interest at a rate which, together with amounts made available by the Agency from bond proceeds or otherwise, is at least sufficient to pay Annual Debt Service on the Escrow Bonds; (ii) moneys may be transferred from said escrow fund only if Tax Revenues (as calculated using the criteria set forth above) for the then current Fiscal Year plus, at the option of the Agency, the Additional Allowance shall be at least equal to 1.25 times Combined Maximum Annual Debt Service, less a principal amount of Bonds which is equal to moneys on deposit in such escrow fund after each such transfer; and (iii) such Escrow Bonds shall be redeemed at par from moneys remaining on deposit in such escrow fund at the expiration of the specified escrow period. In addition, the Agency shall obtain an opinion of nationally recognized bond counsel on the delivery date of such Escrow Bonds to the effect that such escrow of proceeds will not affect the exclusion of the interest on any Outstanding Bonds from gross income for federal income tax purposes.

In the event Additional Bonds are to be issued solely for the purpose of refunding and retiring any Outstanding Bonds, interest and principal payments on the Outstanding Bonds to be so refunded and retired from the proceeds of such Additional Bonds being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service. Nothing contained in the Indenture shall limit the issuance of any tax allocation bonds of the Agency payable from the Tax Revenues and secured by a lien and charge on the Tax Revenues if, after the issuance and delivery of such tax allocation bonds, none of the Bonds theretofore issued will be Outstanding nor shall anything contained in the Indenture prohibit the issuance of any tax allocation bonds or other indebtedness by the Agency secured by a pledge of tax increment revenues (including Tax Revenues) subordinate to the pledge of Tax Revenues securing the Bonds; provided, however, that no such issuance shall cause the Agency to exceed any tax increment limit applicable to it under the Redevelopment Plan or the Law.

Tax Revenues; Creation of Funds

Pledge of Tax Revenues

All the Tax Revenues and all money in the Special Fund and in the funds or accounts so specified and provided for in the Indenture, whether held by the Agency or the Trustee (except the Rebate Fund), are irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Tax Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding; subject to certain provisions of the Indenture permitting application of Tax Revenues for other purposes under certain terms and conditions. This pledge shall constitute a first lien on the Tax Revenues and such other money for the payment of the Bonds.

Special Fund: Receipt and Deposit of Tax Revenues

The Indenture establishes a special fund known as the "Culver City Redevelopment Project Special Fund" (the "Special Fund") held by the Agency. The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt, until such time as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for such Bond Year, plus the aggregate amounts needed to be set aside by the Series 1999B Trustee under the terms of the Series 1999B Indenture.

A fund is established known as the "Culver City Redevelopment Project Debt Service Fund," to be held by the Trustee. On or before the fifth Business Day immediately preceding any Interest Payment Date,

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the Agency shall withdraw from the Special Fund and deposit with the Trustee the amount of money needed by the Trustee to make the required deposits to the debt service accounts, plus an amount needed to be deposited in the debt service accounts for the Series 1999B Bonds. Upon notice from the Trustee, the Agency shall withdraw from the Special Fund and deposit with the Trustee the amount of money needed to make any required deposit to the Reserve Account.

Unless (i) the time limits on the effectiveness of the Redevelopment Plan with respect to Component Areas Nos. 1, 2 and 3 of the Project Area shall have been extended to a date no earlier than the final maturity date of the Bonds pursuant to the Law or (ii) Tax Revenues derived solely from Component Area No. 3 and Component Area No. 4 of the Project Area ("Area 3 and 4 Revenues") then meet the coverage requirements for Additional Bonds, as evidenced by a Consultant's Report, the Agency shall take the following actions. After November 1, 2015 and prior to November 1, 2016, the Agency shall determine the total amount of debt service payable on the Bonds during the Bond Years ending November 1, 2022 through November 1, 2025 inclusive ("Total Debt Service") and the total amount of Area 3 and 4 Revenues projected to be received by the Agency during such Bond Years ("Projected Revenues"). Such projection shall assume that Area 3 and 4 Revenues in each such Bond Year will be equal to the Area 3 and 4 Revenues received by the Agency during the Bond Year ending November 1, 2015. Commencing on and after November 1, 2016, the Agency shall transfer, from Tax Revenues received by the Agency in excess of the amounts required to be transferred to the Trustee for deposit in the Debt Service Fund as described in the preceding paragraph, to a special holding account to be established and held by the Trustee, all such excess Tax Revenues until the amount accumulated therein, together with the amount of the Projected Revenues, equals 125 percent of Total Debt Service.

Except for the transfers, if any, described in the preceding paragraph and transfers required to augment the Reserve Account beginning in the year 2023 (see **Covenants of the Agency** -- Augmentation of Series 1999A Subaccount of Reserve Account, on page A-22), all Tax Revenues received by the Agency at any time during any Bond Year in excess of the amount required to be transferred to the Trustee during such Bond Year shall be released from the pledge and the Agency may apply such excess Tax Revenues for any lawful purpose of the Agency.

Establishment of Other Funds.

In addition to the Special Fund, two special trust funds have been created, to be held by the Trustee, called the "Culver City Redevelopment Project Redevelopment Fund" (the "Redevelopment Fund") and the "Culver City Redevelopment Project Expense Fund" (the "Expense Fund").

Redevelopment Fund.

Moneys in the Redevelopment Fund are used for the purpose of aiding in financing the Project (or for making reimbursements to the Agency for such costs theretofore paid by it), including payment of all costs incidental to or connected with such financing. Any balance of money remaining in the Redevelopment Fund after the date of completion of the financing of the Project shall, at the Written Request of the Agency, be transferred by the Trustee to the Agency for deposit in the Special Fund.

Expense Fund.

Moneys in the Expense Fund are used to pay costs and expenses incurred by the Agency in connection with the authorization, issuance and sale of the Bonds. Upon the earlier of the payment in full of such costs and expenses (or the making of adequate provision for the payment thereof, evidenced by a Certificate of the Agency to the Trustee) or 180 days after delivery of the Bonds to the original purchaser, any balance remaining in the Expense Fund is transferred to the Redevelopment Fund.

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Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund.

All moneys in the Debt Service Fund are set aside by the Trustee in each Bond Year when and as received in the following special accounts in the following order of priority:

(a) Interest Account. On or before each Interest Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Interest Account an amount of money which, together with any previous balance, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the next Interest Payment Date. All moneys in the Interest Account are used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(b) Principal Account. On or before each Principal Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Principal Account an amount of money which, together with any previous balance, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on the Principal Payment Date. In the event that there is insufficient money in the Debt Service Fund to make in full all such principal payments and required Sinking Account Installments, then the money available in the Debt Service Fund shall be applied pro rata to the making of such principal payments and Sinking Account Installments in the proportion which all such principal payments and Sinking Account Installments bear to each other.

All moneys in the Principal Account are used and withdrawn by the Trustee solely for the purpose of paying the principal and redemption premium, if any, of the Serial Bonds as they shall become due and payable.

(c) Sinking Account. On or before each Principal Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. All moneys in the Sinking Account are used by the Trustee to redeem Term Bonds.

(d) Reserve Account. On or before each Interest Payment Date, the Trustee sets aside from the Debt Service Fund and deposits in the Reserve Account an amount of money (or other authorized deposit of security, as contemplated by the following paragraph) as shall be required to restore the balance in the Reserve Account to an amount equal to the Reserve Account Requirement for each Series of Bonds then Outstanding. No deposit need be made in the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Account Requirement for each Series of Bonds then Outstanding. The Reserve Account is divided into subaccounts with respect to each Series of Bonds and each subaccount is available only for payment of the Series of Bonds to which it relates. All money in (or available to) the Reserve Account is used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account, the Principal Account or the Sinking Account in such order, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Series of Bonds to which such subaccount relates in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding. So long as the Agency is not in default, any amount in the Reserve Account in excess of the Reserve Account Requirement may, upon Written Request of the Agency, be withdrawn from the Reserve Account by the Trustee and transferred to the Agency. In the event that there shall be insufficient money in the Debt Service Fund to make in full all required deposits to the subaccounts in the Reserve Account, then the money available in the Debt Service Fund shall be applied pro rata to the subaccounts in the proportion which all the Reserve Account Requirements for each Series bear to each other.

(2) With the written consent of the Bond Insurer, the Reserve Account Requirement may be satisfied by crediting to the Reserve Account moneys or a Qualified Reserve Account Credit Instrument

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or any combination thereof, which in the aggregate makes funds available in the Reserve Account in an amount equal to the Reserve Account Requirement. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument, the Trustee shall release moneys then on hand in the Reserve Account to the Agency, to be used for any lawful purpose relating to the Project Area, in an amount equal to the face amount of the Qualified Reserve Account Credit Instrument.

(e) Surplus. After making the deposits referred to in paragraphs (a) through (d) above in any Bond Year, the Trustee shall transfer any amounts remaining on deposit in the Debt Service Fund to the Series 1999B Trustee to be applied in accordance with the Series 1999B Indenture. These transferred amounts, referred to in the Series 1999B Indenture as "Surplus Tax Revenues," are pledged to the payment of the Series 1999B Bonds.

Investment of Moneys in Funds and Accounts.

Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account, the Expense Fund (and any account therein), the Redevelopment Fund (and any account therein) or the Rebate Fund are invested by the Trustee only in Authorized Investments. In the absence of instructions the Trustee shall invest in the investments described in clause (f) of the definition of "Authorized Investments." The obligations in which moneys in the Debt Service Fund, the Interest Account, the Principal Account or any Sinking Account are invested shall mature prior to the date on which such moneys are estimated to be required to be paid out. The obligations in which moneys in the Reserve Account are invested shall mature no later than the earlier of (a) five years from the date of purchase by the Trustee or (b) the final maturity date of the Bonds, with two exceptions. An obligation which may be redeemed at par at the option of the Trustee on the Business Day prior to any Interest Payment Date, or an investment agreement which permits the Trustee to withdraw invested amounts on any Business Day, on no more than five Business Days' notice, without penalty, may have any maturity. Any interest, income or profits from the deposits or investments of all funds (except the Redevelopment Fund, Expense Fund and Rebate Fund) and accounts are deposited in the Debt Service Fund. For purposes of determining the amount on deposit in any fund or account, all Authorized Investments credited to such fund or account shall be valued monthly at the lower of cost or market value (excluding accrued interest and brokerage commissions, if any).

Amounts deposited in the Special Fund may be invested in any obligations in which the Agency may lawfully invest its funds.

Covenants of the Agency

Punctual Payment

The Agency will punctually pay the interest on and principal of and redemption premiums, if any, to become due with respect to the Bonds, but only from Tax Revenues, in strict conformity with the terms of the Bonds and of the Indenture and will faithfully satisfy, observe and perform all conditions, covenants and requirements of the Bonds and of the Indenture.

Against Encumbrances

The Agency will not mortgage or otherwise encumber, pledge or place any charge upon any of the Tax Revenues, except as provided in the Indenture, and will not issue any obligation or security superior to or on a parity with the Bonds payable in whole or in part from the Tax Revenues (other than Additional Bonds).

Extension or Funding of Claims for Interest

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In order to prevent any claims for interest after maturity, the Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding claims for interest or in any other manner.

Management and Operation of Properties

The Agency will manage and operate all properties owned by the Agency and comprising any part of the Project in a sound and business-like manner and in conformity with all valid requirements of any governmental authority relative to the Project, and will keep such properties insured at all times in conformity with sound business practice.

Payment of Claims

The Agency will pay and discharge all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Tax Revenues, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds.

Records and Accounts; Financial and Project Statements

The Agency will keep proper books of record and accounts, separate from all its other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Project. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners of not less than ten per cent (10%) of the aggregate principal amount of the Bonds then Outstanding or their representatives authorized in writing.

The Agency will prepare and file with the Trustee annually as soon as practicable, but in any event not later than 270 days after the close of each Fiscal Year, an audited financial statement in reasonable detail relating to the Tax Revenues and all funds or accounts established pursuant to the Indenture for the preceding Fiscal Year along with the related opinion of an Independent Certified Public Accountant. The Agency will furnish a copy of such audited financial statement to any Owner upon written request and will distribute a reasonable number of copies to investment bankers, security dealers and others interested in the Bonds.

Protection of Security and Rights of Owners

The Agency will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Bonds by the Agency, such Bonds shall be incontestable by the Agency.

Payment of Taxes and Other Charges

The Agency will pay and discharge when due all taxes, service charges, assessments and other governmental charges which may be lawfully imposed upon the Agency or any properties owned or revenues received by the Agency in the Project Area.

Financing the Project

The Agency will commence and complete the financing of the Project in a sound, economical and expeditious manner and in conformity with the Redevelopment Plan and the Law.

Taxation of Leased Property

Whenever any property in the Project is redeveloped by the Agency and then is leased out by the Agency, or whenever the Agency leases out any real property in the Project for redevelopment, the property shall be assessed and taxed in the same manner as privately-owned property, and the lease shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of the leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year are less than the taxes that would have been payable upon the entire property if the property were 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 such year become payable, and in any event prior to the delinquency date of such taxes established by law. Such payments shall be treated as Tax Revenues and shall be deposited by the Agency in the Special Fund.

Disposition of Property in Project Area

Without the prior written consent of the Bond Insurer, the Agency will not participate in the disposition of any land or real property in the Project Area which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way) if such disposition, when taken together with other such dispositions, would either (a) aggregate more than 10 percent of the assessed valuation of the property in the Project Area, or (b) cause the amount of Tax Revenues to be received in the succeeding Bond Year to fall below 125 percent of Combined Maximum Annual Debt Service.

Amendment of Redevelopment Plan

If the Agency proposes to amend the Redevelopment Plan, it shall cause to be filed with the Trustee a Consultant's Report on the effect of the proposed amendment. Unless the Consultant's Report concludes that Tax Revenues will not be materially reduced by the proposed amendment, the Agency may not approve it.

Tax Revenues

The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues, including the timely filing of any necessary statements of indebtedness with appropriate officials of Los Angeles County.

Further Assurances

The Agency shall adopt, make, execute and deliver any further indentures, instruments and assurances as may be needed to carry out the intention or to facilitate the performance of the Indenture.

Tax Covenants; Rebate Fund

The Trustee shall establish and maintain with respect to each Series of Bonds (other than any Series of Bonds exempt from the requirements of Section 148 of the Code related to rebate of arbitrage earnings) a fund separate from any other fund or account designated as the "Series ____ Rebate Fund." Upon the written direction of the Agency, there shall be deposited in the Rebate Fund such amounts as are required pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. Notwithstanding the provisions relating to the pledge of Tax

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Revenues, the allocation of money in the Special Fund, the investments of money in any fund or account and the defeasance of Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this covenant and by the Tax Certificate. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the Written Request of the Agency, and shall have no liability or responsibility to enforce compliance by the Agency with the terms of the Tax Certificate.

The Agency shall not use or permit the use of any proceeds of Bonds or any funds of the Agency, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code of "federally guaranteed" within the meaning of Section 149(b) of the Code and any applicable requirements promulgated from time to time under that Section and under Section 103(c) of the Internal Revenue Code of 1954, as amended. The Agency shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Agency shall comply with all requirements of Sections 148 and 149(d) of the Code to the extent applicable to the Bonds.

The Agency shall not use or permit the use of any proceeds of the Bonds or any funds of the Agency, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code.

The foregoing covenant shall not apply to any taxable Series of Bonds.

Agreements with Taxing Agencies

The Agency shall not enter into any agreement or amend any existing agreement with a taxing agency entered into (i) pursuant to Section 33401 of the Law or (ii) which operates as a waiver of the Agency's right to receive Tax Revenues under the Redevelopment Plan, unless the Agency's obligations under such agreement are made expressly subordinate and junior to the Agency's obligations under the Indenture and the Bonds.

Annual Review of Tax Revenues

The Agency shall annually review the total amount of Tax Revenues remaining available to be received by the Agency under the Redevelopment Plan's cumulative tax increment limitation, as well as future cumulative Annual Debt Service. The Agency shall not accept Tax Revenues greater than Annual Debt Service, in any year, if such acceptance will cause the amount remaining under the tax increment limit to fall below remaining cumulative Annual Debt Service, except for the purpose of depositing such revenues in escrow for the payment of interest on and principal of and redemption premiums, if any, on the Bonds.

Housing Fund.

The Agency shall use the moneys in the Housing Fund in accordance with the Law, and disburse, expend or encumber any "excess surplus" (as defined in the Law) in the Housing Fund at such times and in such manner that the Agency will not be subject to sanctions pursuant to the Law.

Augmentation of Series 1999A Subaccount of Reserve Account.

Commencing on or before November 1, 2023, and on or before each Interest Payment Date thereafter so long as any Series 1999A Bonds are Outstanding, the Agency shall transfer to the Trustee, from Tax Revenues received by the Agency in excess of the amounts required to be transferred to the Trustee pursuant to other provisions of the Series 1999A Indenture, for deposit in the Series 1999A Subaccount of the Reserve Account, an amount sufficient to establish and maintain a balance therein equal to Maximum Annual Debt Service on the Series 1999A Bonds.

Amendment of the Indenture

Amendment by Consent of Owners

The Indenture and the rights and obligations of the Agency and of the Owners may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding and the written consent of the Bond Insurer, if any, are filed with the Trustee. No amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Agency to pay the interest or principal or redemption premium, if any, of any Bond, without the express written consent of the Owner of that Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for written consent to any amendment, or (4) modify the rights or obligations of the Trustee without its prior written assent.

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

- (a) To add other covenants and agreements to the Indenture, or to surrender any right or power reserved to or conferred upon the Agency;
- (b) To make provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the Agency may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Owners;
- (c) To provide for the issuance of Additional Bonds, and to provide the terms and conditions under which the Additional Bonds may be issued;
- (d) To modify, amend or supplement the Indenture to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute, and which shall not materially adversely affect the interests of the Owners;
- (e) To maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes (except with respect to taxable Bonds);
- (f) To the extent necessary to obtain a Bond Insurance Policy, to obtain a rating on the Bonds or in connection with satisfying all or a portion of the Reserve Account Requirement by crediting a letter of credit or Bond Insurance Policy to the Reserve Account; or
- (g) For any other purpose that does not materially adversely affect the interests of the Owners.

Disqualified Bonds

Bonds owned or held by or for the account of the Agency or the City are not deemed Outstanding for the purpose of any consent or other action provided for in the Indenture.

Events of Default and Remedies of Owners

Events of Default and Acceleration of Maturities

The following are "Events of Default":

- (a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when due and payable, whether at maturity, by declaration or otherwise;
- (b) Default in the due and punctual payment of the interest on any Bond when due and payable;
- (c) Default by the Agency in the observance of any of its agreements or covenants, if the default shall have continued for a period of 60 days after the Agency shall have been given notice in writing by the Trustee (unless the Agency commences to cure the default within the 60-day period and thereafter diligently and in good faith proceeds to cure the default within a reasonable period of time); or
- (d) Filing by the Agency of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or approval by a court of competent jurisdiction of 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 assuming, under the provisions of any other law for the relief or aid of debtors, by any court of competent jurisdiction of custody or control of the Agency of the whole or any substantial part of its property.

In each case during the continuance of an Event of Default, the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, by notice in writing to the Agency, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately. Upon this declaration those amounts shall become immediately due and payable, subject to the prior written consent of the Bond Insurer.

If, at any time after the principal of the Bonds shall have been declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on the overdue installments of principal and interest, and the expenses of the Trustee, and any and all other defaults known to the Trustee shall have been made good or cured to the satisfaction of the Trustee, then, and in every case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may rescind and annul such declaration and its consequences. However, no such rescission or annulment shall occur without the prior written consent of the Bond Insurer. No rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any related right or remedy.

Application of Funds Upon Acceleration

All money in the funds and accounts provided for in the Indenture (other than the Rebate Fund) upon the date of the declaration of acceleration by the Trustee, and all Tax Revenues thereafter received by the Agency, shall be transmitted to the Trustee and shall be applied by the Trustee in the following order:

Exhibit B

First, to the payment of the costs and expenses of the Trustee and thereafter to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents and counsel;

Second, upon presentation of the several Bonds, and the stamping thereon of the amount 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 upon the Bonds for interest and principal, with interest on the overdue interest and principal at the rate of interest which would have been paid on such overdue principal, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal, ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

Other Remedies of Owners

Any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his rights against the Agency and any of the members, officers and employees of the Agency, and to compel the Agency or the members, officers or employees to perform and carry out their duties under the Law and their agreements with the Owners as provided in the Indenture;

(b) By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Owners; or

(c) Upon the happening of an Event of Default, by a suit in equity to require the Agency and its members, officers and employees to account as the trustee of an express trust.

Non-Waiver

None of the foregoing provisions shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the Owners at the respective dates of maturity out of the Tax Revenues, or affect or impair the right of action, which is also absolute and unconditional, of Owners to institute suit to enforce payment by virtue of the contract embodied in the Bonds and in the Indenture.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any subsequent default or breach. No delay or omission by any Owner or the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any default, and every power and remedy conferred upon the Owners may be enforced and exercised from time to time and as often as deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the Trustee, the Agency and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Actions by Trustee as Attorney-in-Fact

Exhibit B

Any suit, action or proceeding which any Owner may bring to enforce any right or remedy may be brought by the Trustee for the equal benefit and protection of all Owners, and the Trustee is appointed the attorney-in-fact of the Owners for the purpose of bringing any such suit, action or proceeding and to perform any acts on behalf of the Owners. The Trustee shall have no duty or obligation to enforce any right or remedy unless it has been indemnified by the Owners from any liability or expense.

Remedies Not Exclusive

No remedy conferred upon the Owners is intended to be exclusive of any other remedy. Every remedy shall be cumulative and shall be in addition to every other remedy given at law or in equity or by statute or otherwise.

Owners' Direction of Proceedings

The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, with the written consent of the Bond Insurer, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture. The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction and may decline to follow any direction which the Trustee believes would be unjustly prejudicial to other Owners.

Limitation on Owners' Right to Sue

No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Law or any other applicable law, unless (1) the Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the remedial powers reserved to the Owners or to institute suit, action or proceeding in its own name; (3) the Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with the request; (4) the Trustee shall have refused or omitted to comply with the request for a period of sixty (60) days; and (5) the Trustee shall not have received contrary directions from the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Defeasance

Discharge of Indebtedness

If the Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest due thereon and the principal thereof, at the times and in the manner stipulated therein and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Tax Revenues, and all covenants, agreements and other obligations of the Agency to the Owners of such Bonds under the Indenture shall cease. In that event, the Trustee shall execute and deliver to the Agency instruments to evidence such discharge and satisfaction and, after payment of amounts due the Trustee, shall pay over to the Agency all money or securities held by the Trustee which are not required for the payment of the interest due on and the principal of such Bonds other than the moneys, if any, in the Rebate Fund.

Exhibit B

Bonds for the payment of which money shall have been set aside to be held in trust by the Trustee for payment at the maturity or redemption date shall be deemed, as of the date of such setting aside, to have been paid.

Any Outstanding Bonds shall prior to the maturity date thereof be deemed to have been paid only if there shall have been deposited with the Trustee, or another fiduciary or escrow agent, either money in an amount which shall be sufficient, or Federal Securities the principal of and the interest on which when paid will provide money which shall be sufficient to pay when due the interest due and to become due on such Bonds on and prior to the maturity date or earlier redemption date, and the principal of and redemption premium, if any. In addition, the Agency shall have given the Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the required deposit has been made and that the Bonds are deemed to have been paid and stating the maturity date or earlier redemption date upon which money is to be available for payment.

Miscellaneous

Liability of Agency Limited to Tax Revenues

The Bonds are limited obligations of the Agency and are payable, as to interest and principal, exclusively from the Tax Revenues. The Agency is not obligated to pay them except from the Tax Revenues. The Tax Revenues constitute a trust fund for the security and payment of the interest on and the principal of the Bonds. The Bonds are not a debt of the City of Culver City, the State of California or any of its political subdivisions. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Bond Insurance

The Indenture sets forth procedures for payment under the Bond Insurance Policy and certain rights of the Bond Insurer, including the right to direct all remedies following an Event of Default.

APPENDIX B

GENERAL INFORMATION ABOUT THE CITY OF CULVER CITY

General

Culver City (the "City") is situated on the western portion of Los Angeles County (the "County"), approximately five miles north of Los Angeles International Airport and five miles east of the Marina del Rey small craft harbor and the Pacific Ocean. The City is bordered on all sides by Los Angeles, with the exception of a portion of the eastern side at which the boundary is contiguous with unincorporated County territory.

The City is located within the heart of the La Ballona Valley, which was originally settled in the eighteenth century by ranchers who utilized the resources of the temperate climate and availability of water in Ballona Creek. With the advent of a railroad connecting downtown Los Angeles to the Pacific Ocean coastline, the City's location along the railroad line facilitated subsequent development culminating in the creation of the City through incorporation in 1917.

Since its inception, Culver City has been intimately intertwined with the motion picture industry. Prior to incorporation, Thomas Ince built his film studio in 1915, which became Metro-Goldwyn-Mayer (MGM) in 1924. Other studios have located in Culver City over the past seven decades, including Hal Roach Studios, David Selznick International, RKO-Pathe, Desilu, Lorimar, Sony Pictures Entertainment, Columbia, Tri-Star, and Cecil B. Demille Picture Corp. In the decades after the end of World War II, the City became a center for specialized aerospace contracting firms, movie studios, and small office development.

The City's favorable location in the western section of the County, traversed by the San Diego and Route 90 freeways and immediately adjacent to the Santa Monica Freeway, has resulted in a strong economic base for the community. At the present time, the entertainment, medical, design and digital industries provide the largest sources of community employment. The City is considered the "Heart of Screenland." Sony Studios, a major television and movie producer, anticipates that it will continue to be the largest employer in the City. Many other entertainment industry firms have moved into newly renovated buildings throughout the City (including HSI Productions, Centropolis Effects, Intertainer, Unapix and GMT).

Population

Population figures for the City, the County and the State for 1970, 1980 1990 and the last five years are shown in the following table. The City has been substantially built out since the 1970s.

**CITY OF CULVER CITY
Population Estimates**

<u>Year</u>	<u>City of Culver City</u>	<u>County of Los Angeles</u>	<u>State of California</u>
1970	34,451	7,041,980	19,953,902
1980	38,150	7,441,700	23,667,902
1990	39,702	9,168,824	30,595,770
1997	38,500	9,336,100	32,743,000
1998	38,600	9,404,700	33,186,000
1999	38,800	9,503,500	33,660,000
2000	39,150	9,643,100	34,207,000
2001	39,750	9,802,800	34,818,000

Source: State Department of Finance estimates (as of January 1 except 1990, which is as of April 1).

Government and Administration

The City was incorporated as a general law city on September 17, 1917 and became a charter city on January 17, 1947. The charter provides for council-administrator form of government. The City Council's role is making policy decisions and is supplemented by the supervision of day-to-day functions under the direction of the Chief Administrative Officer.

Members of the City Council are elected for alternating four-year terms. The Mayor is selected annually by the Council from among its members. Other elective positions include City Clerk and City Treasurer. The City charter does not require primary elections and filing fees are minimal in order to provide the opportunity for persons with varying backgrounds to seek public office.

The City government is operated on the Civil Service system of merit appointment and promotion. Positions of the Chief Administrative Officer, City Attorney and other department heads are direct appointees of the City Council. The remaining positions, including the division department heads and their employees, are filled by appointment bases on competitive examinations. The City has direct responsibility for the provisions of all municipal services with the exceptions of library service and health department service, both of which are provided by the County.

Exhibit B

Largest Employers

The following table lists the largest employers within the City and their estimated number of employees:

CITY OF CULVER CITY Largest Employers As of 2000

<u>Company</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Sony Pictures Entertainment	Entertainment	2,018
Metric Products	Garment Manufacturer	650
Westfield Shoppingtown	Shopping Mall	1,500
Brotman Medical Center	Hospital	900
Pacific Bell	Telephone Utility	700
City of Culver City	Local Government	677
Culver Unified School District	Education	573
Radisson Hotel	Hotel	300
Kaiser Permanente	Medical Center	275
West Los Angeles College	Education	250

Source: Culver City Chamber of Commerce.

Employment

The County is included in the Los Angeles-Long Beach Metropolitan Statistical Area. The following table summarizes the civilian labor force, employment and unemployment in the County for the calendar years 1997 through 2001. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

LOS ANGELES-LONG BEACH METROPOLITAN STATISTICAL AREA (LOS ANGELES COUNTY) Civilian Labor Force, Employment and Unemployment (Annual Averages)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Civilian Labor Force (1)	4,491,900	4,647,600	4,662,400	4,761,400	4,875,200
Employment	4,184,800	4,343,300	4,389,300	4,506,100	4,598,200
Unemployment	307,100	304,300	273,000	255,300	277,000
Unemployment Rate	6.8%	6.5%	5.9%	5.4%	5.7%

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

Source: Labor Market Information Division of the California State Employment Development Department.

Exhibit B

LOS ANGELES-LONG BEACH METROPOLITAN STATISTICAL AREA (LOS ANGELES COUNTY) Annual Average Labor Force Employment by Industry Group

Type of Employment	1997	1998	1999	2000	2001
Total Farm	7,000	7,700	7,300	7,700	8,300
Mining	5,500	4,900	4,300	4,000	4,200
Construction	109,500	118,400	125,800	130,900	133,300
Manufacturing	661,400	661,700	641,600	627,000	605,700
Transportation & Public Utilities	211,900	225,200	234,700	244,100	247,800
Wholesale Trade	265,100	270,200	272,800	270,600	264,300
Retail Trade	593,500	601,600	615,100	634,600	642,000
Finance, Insurance & Real Estate	220,200	228,400	231,600	230,000	233,100
Services	1,261,900	1,292,200	1,315,500	1,349,700	1,364,800
Federal Government	57,900	56,100	57,100	57,900	54,200
State & Local Government	478,500	484,800	504,600	523,300	544,500
Total All Industries	3,872,000	3,951,300	4,010,200	4,079,800	4,102,100

(1) Totals may not add due to independent rounding.

Source: State of California, Employment Development Department.

Commercial Activity

During calendar year 2000, total taxable transactions in the City were \$1,291,088,000, or 12.2% greater than total taxable transactions of \$1,150,739,000 that were reported in the City during calendar year 1999. A summary of historic taxable sales within the City during the past five years for which data is available is shown in the following table.

CITY OF CULVER CITY Taxable Transactions (figures in thousands)

	1996	1997	1998	1999	2000
Retail Stores:					
Apparel Stores	\$ 67,103	\$ 65,327	\$ 67,153	\$ 67,813	\$ 77,573
General Merchandise Stores	145,033	160,870	174,741	248,046	325,055
Drug Stores	11,983	[1]	[1]	[1]	[1]
Food Stores	29,245	30,048	30,689	30,487	36,492
Packaged Liquor Stores	5,201	[1]	[1]	[1]	[1]
Eating and Drinking Places	59,681	62,045	67,597	77,211	77,438
Home Furnishings and Appliances	39,219	38,271	40,586	45,131	48,345
Bldg. Materials and Farm Implmnts.	38,138	39,797	56,503	56,015	57,737
Auto Dealers and Auto Supplies	113,599	108,196	117,363	134,276	153,958
Service Stations	44,060	45,502	37,009	41,298	40,424
Other Retail Stores	234,791	252,551	231,683	212,549	208,074
Retail Store Totals	788,053	802,607	823,324	912,826	1,025,096
All Other Outlets	194,673	212,688	231,604	237,913	265,992
TOTAL ALL OUTLETS	\$ 982,726	\$1,015,295	\$1,054,928	\$1,150,739	\$1,291,088

[1] Drug stores have been merged with general merchandise stores and packaged liquor stores have been merged with other Source: State Board of Equalization.

Exhibit B

Construction Activity

Building activity in the City for the past five calendar years for which data is available is shown in the following table.

CITY OF CULVER CITY Total Building Permit Valuations (valuations in thousands)

<u>Permit Valuation</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
New Single-family	4,294.1	2,577.3	958.0	860.1	8,771.7
New Multi-family	5,821.6	6,660.8	0.0	859.0	0.0
Res. Alterations/Additions	<u>2,360.3</u>	<u>2,922.5</u>	<u>3,325.9</u>	<u>4,141.2</u>	<u>3,378.6</u>
Total Residential	12,476.0	12,160.6	4,193.9	5,860.3	12,150.3
New Commercial	300.0	300.0	3,500.0	1,735.0	18,679.1
New Industrial	0.0	0.0	0.0	0.0	2,820.7
New Other	2,582.9	684.7	1,723.7	4,529.9	1,690.3
Com. Alterations/Additions	<u>14,763.8</u>	<u>10,796.7</u>	<u>15,009.6</u>	<u>18,833.5</u>	<u>23,190.1</u>
Total Nonresidential	17,646.7	11,781.4	20,233.3	25,098.3	46,380.2
<u>New Dwelling Units</u>					
Single Family	26	14	8	5	51
Multiple Family	<u>45</u>	<u>38</u>	<u>0</u>	<u>6</u>	<u>0</u>
TOTAL	71	52	8	11	51

Source: "California Building Permit Activity," Economic Sciences Corporation; City of Culver City Building Safety Division.

Education

Public education is provided to City residents of school age through the Culver City Unified School District, which operates five elementary schools, one intermediate school (Culver City Middle School), one high school (Culver City High School), one alternative high school (Culver Park High School), an adult school and a children's center. Private elementary schools located in the City include Wildwood Elementary School, The Willows Community School, Turningpoint School and Echo Horizon School. The Kayne-ERAS Center and The H.E.L.P. Group West are private special academic education schools located in the City.

Abutting the eastern boundary of the City is the West Los Angeles Community College. This two-year facility provides City residents an opportunity to continue their education after high school and supplements the higher education opportunities provided at UCLA (five miles northwest of the City) and USC (nine miles east of the City). Pepperdine University offers an off-campus Masters of Business Administration program in the City.

Community Facilities

There are many community services available to local residents. Medical facilities include one hospital, Brotman Medical Center, plus numerous medical clinics and convalescent hospitals. The City also has one library, 35 churches, a local newspaper, and nine banks with a total of 12 branches. The City's Human Services Department provides professional supervision for a varied program of playground activities available to city residents at twelve city-owned parks and four mini-parks, three gymnasiums, and three school playgrounds open after school hours. The City maintains a community and youth center, and a senior citizen's facility at Veterans' Memorial Park, which furnishes modern facilities for all age groups of the community and includes the renovated Veteran' Memorial Auditorium. Ivy Substation and Media Park, a facility leased and managed by the Agency, is used for cultural activities and as a live

performance venue. A new 27,000 square foot senior center is anticipated to be completed in June 2002, and the space formerly devoted to a senior center will be converted to a teen center.

Transportation

The area is served by the Los Angeles International Airport, the largest airport facility in California.

The sole source of public transportation in the City is bus service. The largest transit system in the area is operated by the Los Angeles County Metropolitan Transportation Authority, which has more than 2,200 miles of local and inter-urban routes serving the County's cities and communities. The City operates Culver City Bus, also known as Culver City Municipal Bus Lines, which is the second oldest continually operating municipal bus line in California.

The City's new \$16.5 million Transportation Facility, completed in June 1999, includes a 50,000 square-foot Administration and Maintenance Facility, a fueling island, a bus wash, a two-story, 124-space parking structure, and a compressed natural gas fueling station.

Residents continue to rely on the automobile as the primary source of transportation. A network of fifteen freeways facilitates intra-and inter-county travel. Major freeways include Interstate 405, which runs through the western portion of the City on a north-south axis, Interstate 5, the main west coast route from the Canadian border to the Mexican border, and Interstate 10, a major highway connecting the east and west coasts. Interstate 10 is located immediately to the north of the City.

Agency Investment Policy

The Agency invests its funds in accordance with the Agency's Investment Policy, most recently amended on May 1, 2001. In accordance with Culver City Charter Article VI, Section 602, and Culver City Redevelopment Agency Bylaws Article II Section 203, idle cash management and investment transactions are the responsibility of the City Treasurer (who also serves as the Agency Treasurer), who establishes written procedures for the operation of the investment program consistent with the Investment Policy. The Agency Treasurer is required to submit an investment report to the Agency no less frequently than quarterly.

An Investment Committee (consisting of the Agency Treasurer, Deputy Agency Treasurer, a Councilmember, the Executive Director, the Community Development Director and a member of the public) serves for the City and the Agency. The Investment Committee meets at least twice annually to review and evaluate previous investment activity and yield, to review the current status of all funds held by the Agency, to discuss anticipated cash requirements and investment activity, and any other investment matters deemed necessary. In addition, during the annual audit an independent review of Agency records by an external auditor is performed to verify that investments have been made in accordance with policies and procedures as specified in the Investment Policy.

The Agency Treasurer reports at least quarterly to the Agency and the Executive Director with an investment report identifying the type of investment, institution, purchase and maturity dates, rate of return, original cost, par value and current market value, and stating compliance of the portfolio with the statement of investment policy or the manner in which the portfolio is not in compliance. The Investment Policy is reviewed annually by the Agency Treasurer to ensure its consistency with the overall objectives of presentation of principal, liquidity, rate of return and its relevance to current law and financial and economic trends. The Investment Policy is then submitted to the Investment Committee for review, whereupon the

Exhibit B

Agency Treasurer will submit it to the Agency for approval at a regularly scheduled public meeting.

The Investment Policy permits investment of City funds in those investments authorized by Government Code Section 53601 as further limited by the Investment Policy:

- U.S. Treasury Bills, Notes and Bonds (max maturity of 5 years)
- U.S. Agencies (max. maturity of 5 years)
- Bankers Acceptances (subject to certain requirements)
- Commercial Paper (subject to certain requirements)
- Negotiable Certificates of Deposit and Certificates of Deposit
- Repurchase Agreements (with a maturity not exceeding 30 days, collateral not falling below 102% and limitations on the type of collateral)
- Medium Term Notes
- Mutual Funds
- Local Agency Investment Fund (LAIF)

The Investment Policy prohibits investment in common stocks, financial futures contracts and options. Investments exceeding five years in maturity require authorization by the Agency. Bond reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds, and is allowable under the indentures of the applicable bond issue.

The primary objectives of the Investment Policy are:

- Safety of principal.
- Liquidity.
- Return on investment.
- Conforming to all state and local statutes governing investment of public funds.

<u>Permitted Investments/Deposits</u>	<u>Limitations/ Percentages</u> (at the time of investment)	<u>Maximum Maturity</u>
Securities of the U.S. Government, including U.S. Government Agencies and Instrumentalities	Unlimited	5 years
Certificates of Deposits	50%	5 years
Negotiable Certificates of Deposit	30%	5 years
Bankers Acceptances	40%	270 days
Commercial Paper	30%	180 days
Investment Agreements	Specified by bond indenture	Specified by bond indenture
Local Agency Investment Funds (LAIF)	Max permitted by State Treas.	N/A
Passbook Deposits	50%	1 year
Repurchase Agreements	50%	1 year
Mutual Funds	20%	N/A
Medium Term Notes	30%	5 years
Certain Asset-Backed Securities	20%	5 years

The Investment Policy also stipulates that no more than 50 percent of the Agency's total investment portfolio be invested in a single security type or with a single financial institution, and that the portfolio includes securities from at least three financial institutions.

According to the Agency Treasurer's most recent report for the quarter ended December 31, 2001, the Agency has invested funds with a market value totaling approximately \$42.1

Exhibit B

million. As of December 31, 2001, approximately 33.64% of the portfolio was invested in securities of the U.S. government, 26.45% of the portfolio was invested in medium-term notes, 38.95% was invested in LAIF, and 0.96% of the portfolio was invested in mutual funds. As of December 31, 2001, the market value of the Agency's investment portfolio was 101.27% of the investment portfolio's book value (\$41,615,969). The weighted average annual yield of the portfolio as of December 31, 2001 was 5.51%.

The following table summarizes certain information relating to the Agency's investment portfolio.

CULVER CITY REDEVELOPMENT AGENCY INVESTMENT PORTFOLIO SUMMARY (as of December 31, 2001)

<u>Type of Investment</u>	<u>Book Value</u>	<u>Market Value</u>
Federal Agency Issues	\$14,000,000	14,172,952
Local Agency Investment Fund (LAIF)	16,211,242	16,211,242
Passbook/Mutual Funds	396,967	396,967
Corporate Medium-Term Notes	<u>11,007,760</u>	<u>11,363,320</u>
Total	41,615,969	42,144,481

Source: City of Culver City.

Exhibit B

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE AGENCY
FOR FISCAL YEAR ENDED JUNE 30, 2001

Exhibit B

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CULVER CITY REDEVELOPMENT AGENCY

General Purpose Financial Statements

June 30, 2001

Exhibit B

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Exhibit B

CULVER CITY REDEVELOPMENT AGENCY (A Component Unit of the City of Culver City)

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Richard C. Soll
Fred J. Lunghard, Jr.
1928-1999

Governing Board
Culver City Redevelopment Agency
Culver City, CA 90232

INDEPENDENT AUDITORS' REPORT

We have audited the general purpose financial statements of the Culver City Redevelopment Agency, component unit of the City of Culver City, as of and for the year ended June 30, 2001 as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Culver City Redevelopment Agency at June 30, 2001, and the results of its operations for the year then ended in conformity with generally accepted accounting principles and the accounting systems prescribed by the State Controller's Office and State regulations governing redevelopment agencies.

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2001 on our consideration of the Culver City Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Culver City Redevelopment Agency. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

October 24, 2001

Lance, Soll & Lunghard, LLP

Exhibit B

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Richard C. Soll
Fred J. Lunghard, Jr.
1928-1999

Governing Board
Culver City Redevelopment Agency
Culver City, CA 90232

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

We have audited the financial statements of the Culver City Redevelopment Agency as of and for the year ended June 30, 2001, and have issued our report thereon dated October 24, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

October 24, 2001

Lance, Soll & Lunghard, LLP

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

Exhibit B

CULVER CITY REDEVELOPMENT AGENCY

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2001

With comparative totals for June 30, 2000

Governmental Fund Types

	Debt Service	Capital Projects
Assets and Other Debits		
Cash and investments (note 2)	\$ 31	30,530,781
Cash investments held by fiscal agent (note 2)	25,430,319	21,013,703
Accounts receivable	-	3,101
Accrued interest receivable	39,304	395,165
Accrued property taxes	-	-
Due from the City of Culver City	-	25,959
Due from other agencies	-	106,386
Notes receivable (note 4)	-	2,106,225
Loans receivable (note 4)	-	-
Land held for resale (note 10)	-	27,668,873
Amounts available for debt service	-	-
Amounts to be provided for retirement of long-term debt	-	-
Total assets and other debits	\$ 25,469,654	81,850,193
Liabilities and Fund Balances		
Liabilities:		
Accrued payroll	\$ -	-
Accounts payable	-	583,012
Deposits payable	-	782,132
Retention payable	-	-
Due to other agencies	-	147,406
Due to the City of Culver City (note 3)	-	408,147
Advances from the City of Culver City (note 5)	-	505,818
Bonds payable (note 5)	-	-
Total liabilities	-	2,426,515
Fund balances:		
Reserved for encumbrances	-	4,509,380
Reserved for long-term receivables	-	2,106,225
Reserved for land held for resale	-	27,668,873
Reserved for debt service	25,469,654	-
Reserved for low- and moderate-income housing	-	-
Unreserved-designated for capital projects	-	45,139,200
Total fund balances	25,469,654	79,423,678
Total liabilities and fund balances	\$ 25,469,654	81,850,193

See accompanying notes to general purpose financial statements.

Exhibit B

Fiduciary Fund Type	Account Group General Long-Term Debt	Totals	
		(memorandum only)	
		2001	2000
Expendable Trust			
6,963,278	-	37,494,090	36,000,361
-	-	46,444,022	44,300,685
-	-	3,101	327,957
87,624	-	522,093	551,056
-	-	-	1,083,555
41	-	26,000	27,893
26,596	-	132,982	1,372
163,848	-	2,270,073	2,428,929
2,689,169	-	2,689,169	2,210,038
-	-	27,668,873	27,222,368
-	25,469,654	25,469,654	23,351,337
-	145,455,041	145,455,041	150,671,871
9,930,556	170,924,695	288,175,098	288,177,422
-	-	-	1,524
116,589	-	699,601	494,404
-	-	782,132	460,034
-	-	-	30,899
-	-	147,406	6,386
130,144	-	538,291	1,736,937
-	-	505,818	580,205
-	170,924,695	170,924,695	174,023,208
246,733	170,924,695	173,597,943	177,333,597
38,950	-	4,548,330	3,427,058
2,853,017	-	4,959,242	4,638,966
-	-	27,668,873	27,222,368
-	-	25,469,654	23,351,337
6,791,856	-	6,791,856	5,734,155
-	-	45,139,200	46,469,941
9,683,823	-	114,577,155	110,843,825
9,930,556	170,924,695	288,175,098	288,177,422

Exhibit B

CULVER CITY REDEVELOPMENT AGENCY

Combined Statement of Revenues, Expenditures and Changes in Fund Balances-

All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 2001

With comparative totals for June 30, 2000

	Governmental Fund Types	
	Debt Service	Capital Projects
Revenues:		
Property taxes	\$ -	16,035,052
Charges for service	-	477,705
Use of money and property	1,739,095	2,667,463
Gain (loss) on sale of property	-	(774,887)
Miscellaneous	-	1,532,514
Total revenues	<u>1,739,095</u>	<u>19,937,847</u>
Expenditures:		
Current:		
Project Improvements	-	1,454,392
Professional services	-	2,855,016
Administration and project implementation	-	3,206,435
Intergovernmental	-	773,597
Debt service:		
Bond principal	3,170,000	-
Interest	8,628,771	-
Total expenditures	<u>11,798,771</u>	<u>8,289,440</u>
Excess (deficiency) of revenues over expenditures	<u>(10,059,676)</u>	<u>11,648,407</u>
Other financing sources (uses):		
Operating transfers in	12,797,285	27,530,896
Operating transfers out	(21,776,398)	(18,079,670)
Proceeds from long-term debt	-	-
Payment to refunded bond escrow agent	-	-
Total other financing sources (uses)	<u>(8,979,113)</u>	<u>9,451,226</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(19,038,789)</u>	<u>21,099,633</u>
Fund balances, beginning of year	<u>44,508,441</u>	<u>58,324,045</u>
Fund balances, end of year	<u>\$ 25,469,652</u>	<u>79,423,678</u>

See accompanying notes to general purpose financial statements.

Exhibit B

Fiduciary Fund Type	Totals	
	(memorandum only)	
Expendable Trust	2001	2000
3,914,999	19,950,051	17,093,393
-	477,705	-
363,133	4,769,691	4,246,150
-	(774,887)	1,484,460
2,616	1,535,130	166,362
4,280,748	25,957,690	22,990,365
-	1,454,392	2,992,977
2,051,273	4,906,289	2,295,793
84,876	3,291,311	3,745,473
-	773,597	1,259,517
-	3,170,000	1,180,000
-	8,628,771	11,767,514
2,136,149	22,224,360	23,241,274
2,144,599	3,733,330	(250,909)
104,664	40,432,845	15,064,800
(576,777)	(40,432,845)	(15,064,800)
-	-	(19,789,898)
-	-	50,015,827
(472,113)	-	30,225,929
1,672,486	3,733,330	29,975,020
8,011,337	110,843,823	80,868,805
9,683,823	114,577,153	110,843,825

CULVER CITY REDEVELOPMENT AGENCY

Combined Statement of Revenues, Expenditures and Changes in Fund Balances-

Budget and Actual

All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 2001

	Debt Service Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Property taxes	\$ -	-	-
Charges for service	-	-	-
Use of money and property	350,000	1,739,095	1,389,095
Gain (loss) on sale of property	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>350,000</u>	<u>1,739,095</u>	<u>1,389,095</u>
Expenditures:			
Current:			
Project Improvements	-	-	-
Professional services	-	-	-
Administration and project implementation	-	-	-
Intergovernmental	-	-	-
Debt service:			
Bond principal	3,935,000	3,170,000	765,000
Interest	8,567,875	8,628,771	(60,896)
Total expenditures	<u>12,502,875</u>	<u>11,798,771</u>	<u>704,104</u>
Excess (deficiency) of revenues over expenditures	<u>(12,152,875)</u>	<u>(10,059,676)</u>	<u>2,093,199</u>
Other financing sources (uses):			
Operating transfers in	12,576,425	12,797,285	220,860
Operating transfers out	-	(21,776,398)	(21,776,398)
Total other financing sources (uses)	<u>12,576,425</u>	<u>(8,979,113)</u>	<u>(21,555,538)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>423,550</u>	<u>(19,038,789)</u>	<u>(19,462,339)</u>
Fund balances, beginning of year	<u>44,508,441</u>	<u>44,508,441</u>	<u>-</u>
Fund balances, end of year	<u>\$ 44,931,991</u>	<u>25,469,652</u>	<u>(19,462,339)</u>

See accompanying notes to general purpose financial statements.

Exhibit B

Capital Projects Fund		
Budget	Actual	Variance favorable (unfavorable)
15,554,215	16,035,052	480,837
6,604,026	477,705	(6,126,321)
1,069,100	2,667,463	1,598,363
1,825,000	(774,887)	(2,599,887)
770,442	1,532,514	762,072
25,822,783	19,937,847	(5,884,936)
31,342,802	1,454,392	29,888,410
7,083,908	2,855,016	4,228,892
5,243,497	3,206,435	2,037,062
783,380	773,597	9,783
-	-	-
-	-	-
44,453,587	8,289,440	36,164,147
(18,630,804)	11,648,407	30,279,211
3,614,096	27,530,896	23,916,800
(4,843,225)	(18,079,670)	(13,236,445)
(1,229,129)	9,451,226	10,680,355
(19,859,933)	21,099,633	40,959,566
58,323,843	58,324,045	-
38,463,910	79,423,678	40,959,566

Exhibit B

CULVER CITY REDEVELOPMENT AGENCY

Combined Statement of Revenues, Expenditures and Changes in Fund Balances-

Budget and Actual continued

All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 2001

	Low/Moderate Income Housing Expendable Trust Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Property taxes	\$ 2,892,000	3,914,999	1,022,999
Charges for service	-	-	-
Use of money and property	14,643	363,133	348,490
Gain (loss) on sale of property	-	-	-
Miscellaneous	-	2,616	2,616
Total revenues	<u>2,906,643</u>	<u>4,280,748</u>	<u>1,374,105</u>
Expenditures:			
Current:			
Project Improvements	-	-	-
Professional services	5,274,707	2,051,273	3,223,434
Administration and project implementation	77,000	84,876	(7,876)
Intergovernmental	-	-	-
Debt service:			
Bond principal	-	-	-
Interest	-	-	-
Total expenditures	<u>5,351,707</u>	<u>2,136,149</u>	<u>3,215,558</u>
Excess (deficiency) of revenues over expenditures	<u>(2,445,064)</u>	<u>2,144,599</u>	<u>4,589,663</u>
Other financing sources (uses):			
Operating transfers in	-	104,664	104,664
Operating transfers out	-	(576,777)	(576,777)
Total other financing sources (uses)	<u>-</u>	<u>(472,113)</u>	<u>(472,113)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(2,445,064)</u>	<u>1,672,486</u>	<u>4,117,550</u>
Fund balances, beginning of year	<u>8,011,535</u>	<u>8,011,337</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,566,471</u>	<u>9,683,823</u>	<u>4,117,550</u>

See accompanying notes to general purpose financial statements.

Exhibit B

Totals (memorandum only)		
Budget	Actual	Variance favorable (unfavorable)
18,446,215	19,950,051	1,503,836
6,604,026	477,705	(6,126,321)
1,433,743	4,769,691	3,335,948
1,825,000	(774,887)	(2,599,887)
770,442	1,535,130	764,688
29,079,426	25,957,690	(3,121,736)
31,342,802	1,454,392	29,888,410
12,358,615	4,906,289	7,452,326
5,320,497	3,291,311	2,029,186
783,380	773,597	9,783
3,935,000	3,170,000	765,000
8,567,875	8,628,771	(60,896)
62,308,169	22,224,360	40,083,809
(33,228,743)	3,733,330	36,962,073
16,190,521	40,432,845	24,242,324
(4,843,225)	(40,432,845)	(35,589,620)
11,347,296	-	(11,347,296)
(33,228,743)	3,733,330	25,614,777
110,843,819	110,843,823	-
77,615,076	114,577,153	25,614,777

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

(1) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the Culver City Redevelopment Agency (Agency).

(a) General

The Agency is a separate governmental entity established on February 8, 1971, pursuant to the State of California Health and Safety Code, Section 33000, entitled *Community Redevelopment Law*. Its purpose is to carry out plans for the improvement, rehabilitation, and redevelopment of blighted areas within the City limits of the City of Culver City (City). The State Health and Safety Code provides that upon the approval of a redevelopment plan, property taxes levied on future incremental increases in the assessed value within the designated project area will be paid to the redevelopment agency until all indebtedness incurred to finance the project has been paid.

The City Council has declared itself to be the governing body of the Agency pursuant to the Community Redevelopment Law and functions as the Agency's Board of Directors. The Agency has no employees; all Agency duties and functions are performed by employees of the City. The City is reimbursed for the cost of these and other services (Note 3).

Because the Agency meets the criteria for a component unit established by the Governmental Accounting Standards Board, the Agency's financial statements have also been included in the Comprehensive Annual Financial Report of the City of Culver City for the fiscal year ended June 30, 2001.

The Agency administers the Culver City Redevelopment Project Area (Project Area). The Project Area was created November 23, 1998, by Ordinance No. 98-014, which merged the Agency's three former project areas. On November 23, 1998, by Ordinance No. 98-015, the Agency also added 270 acres to the Project Area. The Agency administers the Project Area in four components, consisting of the three former project areas plus the area added by Ordinance No. 98-015.

Also included in the Agency's general purpose financial statements are the activities of the Culver City Redevelopment Financing Authority (Authority), a joint powers authority formed between the Agency and the City for the purposes of financing various redevelopment activities and the Culver City Revitalization Corporation (Corporation), a nonprofit corporation, created to perform business development activities in the corridor adjacent to the areas included the Agency's project areas.

(b) Culver City Redevelopment Financing Authority

The Authority meets the definition of a "component unit" and is presented on a "blended" basis as if it was part of the Agency. Although the Authority is legally a separate entity, the governing board of the Authority is comprised of the same membership as the Agency's governing board. In addition, there is also a financial benefit/burden relationship between the Agency and the Authority.

The Agency reimburses the Authority for all costs incurred by the Authority on its behalf. The loans from the Authority to the Agency are at the same interest rates and payment terms as the underlying bonds of the Authority, and the Agency maintains all cash reserves required under the bond indentures. Therefore, the activity of the Authority is included in the Agency's general-purpose financial statements and the transactions between the Authority and the Agency are eliminated for financial statement purposes.

(c) Culver City Revitalization Corporation

The Corporation meets the definition of a "component unit" and is presented on a "blended" basis as if it was part of the Agency. Although the Corporation is legally a separate entity, the governing board is appointed by the Agency Board of Directors, and there is a financial benefit/burden relationship between the Agency and the Corporation. The Corporation receives services from Agency staff and receives grants from the Agency and certain property owners, and the activity is included in Agency's project areas.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

The Authority and the Corporation are audited as part of the Agency. Further information is available at the Culver City City Hall, Office of the City Treasurer.

Hereinafter, "Agency" refers to the combined entity of the Agency, the Authority, and the Corporation, unless otherwise specified.

(d) *Description of Funds*

The accounting records of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Under the terms of the bond indentures, property tax revenues received by the Agency are to be deposited into special accounts that are administered by an independent fiscal agent to provide for annual debt service. The Agency may, at its discretion, allocate property tax revenues in excess of debt service, as defined in the bond indentures, to the capital projects fund types. The excess of revenues over expenditures in any particular year and the fund balances represent funds available to pay Agency indebtedness, which is incurred in the course of implementing various redevelopment projects.

(e) *Governmental Fund Types and Account Group*

The various funds are grouped in the accompanying financial statements in this report as follows:

- Debt Service Funds – The Agency's debt service funds are used to account for the accumulation of resources for and the payment of, interest and principal on general long-term debt.
- Capital Projects Funds – The capital projects funds are used to account for the receipt and disbursement of monies used in the redevelopment activities of the Agency's component areas. Because of their complexity, generally most projects require more than one budgetary cycle to complete.
- Expendable Trust Funds – The Agency's expendable trust funds are used to account for the Agency's mandated low/moderate income housing funds.
- General Long-Term Debt Account Group – This account group is used to account for, in a separate self-balancing group of accounts, the Agency's outstanding indebtedness.

(f) *Basis of Accounting*

All fund types are accounted for using the modified-accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available. Expenditures are generally recognized under the modified-accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance.

(g) *Budgetary Control and Accounting*

The Agency adheres to the following general procedures in establishing its annual budget, which is reflected in the accompanying combined financial statements:

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

- The annual budget adopted by the Agency Board of Directors provides for the general operation of the Agency. It includes estimated revenues and authorized appropriations for all of the Agency's funds.
- Project improvements in the capital project funds are budgeted on a project-life basis rather than on an annual basis as the life of many of the projects is more than one year. Unencumbered appropriations for such projects are rebudgeted in succeeding years of the project.
- Expenditures may not exceed appropriations at the fund total level. Budgeted amounts presented in the combined financial statements represent the final adjustment amounts. The Agency Board of Directors makes supplemental appropriations during the year if revenues are received from unanticipated sources or from anticipated sources, but in excess of original estimates.
- The budgets for all funds are formally integrated into the accounting system and employed as a management control device during the year.
- Budget appropriations lapse at year-end.
- Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for transactions related to the purchase and sale of land held for resale and mortgage assistance loans, which are adopted on a budgetary basis. Budgets for the Agency are adopted on a modified-accrual basis.

(h) Tax Revenues

Incremental property tax revenues are established pursuant to California Community Redevelopment Law and result from the excess of taxes levied and collected each year in designated component areas over and above the amount which would have been produced, at current rates, by the assessed value as shown on the last equalized property tax assessment roll prior to the effective date of the ordinance establishing the Project Area and its designated component areas.

For purposes of Los Angeles County's administration of tax increment distribution to the Agency, incremental property tax revenues are considered revenues of the component areas when notification is received from the County of Los Angeles and received in cash within 60 days of the fiscal year-end.

(i) Investments

In order to maximize investment return, the Agency pools its available cash except for cash required to be held by outside fiscal agents under the provisions of bond indentures. All investment decisions are made by the elected City Treasurer based on the Agency's investment policy or controlling bond indentures.

Interest income, realized gains and losses and changes in fair value of investments arising from such pooled cash and investments are apportioned to each participating Agency fund based on the relationship of such fund's respective cash balances to aggregate pooled cash and investments. Interest income, realized gains and losses and changes in fair value of investments arising from cash and investments held by outside fiscal agents under the provisions of bond indentures is credited directly to the related fund.

The Agency's investments are stated at fair value. Fair value is determined based upon market closing prices or bid/asked prices for regularly traded securities. The fair value of guaranteed investment contracts and other investments with no regular market are estimated based on similar traded investments. The fair value of mutual funds, government-sponsored investment pools, and other similar investments are stated at share value, or appropriate allocation of fair value of the pool, if separately reported. Certain money market investments with initial maturities at the time of purchase of less than one year are recorded at cost. The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year may have been recognized as an increase or decrease in fair value of investments reported in the prior year.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

(j) Land Held for Resale

The cost of land acquired by the Agency and held for resale to private developers is recorded as an asset at the lower of cost or estimated net realizable value with a corresponding reservation of fund balance. Net realizable value is determined by the terms of Disposition and Development Agreements (DDAs) reached with developers. Payment made in conjunction with eminent domain proceedings is recorded upon payment.

(k) Allocated Costs

The California Community Redevelopment Law (Health and Safety Code, Chapter 6, Article 2, Section 33610) authorized cities to allocate to a redevelopment agency such salaries and overhead expenses as considered appropriate to cover the cost of administrative support provided by the City.

Expenditures common to the component areas are allocated according to the Agency's resolutions unless specific identification to component areas is possible.

(l) Total Columns and Comparative Data

Total columns in the accompanying general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not purport to present financial position, results of operations or changes in financial position of the Agency, in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Certain reclassifications have been made to data presented for prior years to conform to the current year's presentation.

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the Agency's financial position and operations. However, comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

(2) Cash and Investments

Cash and investments at June 30, 2001 consisted of the following:

Demand deposits	\$ 1,016,347
Petty Cash	200
Total pooled deposits	<u>1,016,547</u>
Pooled investments	36,477,543
Cash and investments held with fiscal agents	<u>46,444,022</u>
Total investments	<u>82,921,565</u>
Total cash and investments	<u>\$ 83,938,112</u>

(a) Authorized Investments

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

- Securities of the U.S. government, or its agencies
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan associations
- Negotiable Certificates of Deposit

Exhibit B
CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool) Deposits
- Passbook Savings Account Demand Deposits
- Repurchase Agreements
- Government Mutual Funds
- Medium-Term Corporate Notes
- County of Los Angeles Investment Pool
- Certain Asset-Backed Securities.

(b) Pooled Deposits

The California Government Code requires California banks and savings and loan associations to secure the Agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the Agency's deposits. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the Agency's total deposits.

The Agency may waive collateral requirements for deposits, which are fully insured up to \$100,000 by Federal depository insurance.

The Agency's deposits are entirely insured or collateralized.

(c) Credit Risk, Carrying Amount and Market Value of Deposits

Cash and deposits of the Agency are summarized below in (in 1000's). The deposits are classified as to credit risk by three categories as follows:

- Category 1: Includes deposits that are insured or collateralized, with the securities held by the Agency or its agent in the Agency's name.
- Category 2: Includes deposits which are uninsured but which are collateralized with the securities held by the pledging financial institution's trust department in the Agency's name.
- Category 3: Includes deposits which are uninsured and uncollateralized, or collateralized with the securities held by the pledging financial institutions, or by its trust department or agent but not in the Agency's name.

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
					<u>(Fair Value)</u>
Cash	\$166	978	-	1,144	1,017

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

(d) Credit Risk and Fair Value of Investments

The Agency's criteria for the selection of investments, in priority, are safety, liquidity and yield. Investments are classified as to credit risk by three categories as follows:

- Category 1: Insured or registered, or securities held by the Agency or its agent in the Agency's name
- Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Agency's name
- Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Agency's name.

The table below summarizes the credit risk, carrying amount and market value of investments at June 30, 2001 (in thousands):

		Category			Fair Value
		1	2	3	
Pooled investments:					
Medium-term corporate notes	\$	10,986	-	-	10,986
Federal agency issues		13,004	-	-	13,004
Mutual funds (1)		-	-	-	391
State of California Local Agency Investments Fund (LAIF) (1)(2)		-	-	-	12,097
Total pooled investments		23,990	-	-	36,478
Investments with fiscal agents:					
Mutual funds (1)		-	-	-	21,017
Investment agreements (1)		-	-	-	25,427
Total investments with fiscal agents		-	-	-	46,444
Total investments	\$	23,488	-	-	82,922

Explanatory Legend

- (1) Not required to be categorized.
- (2) The management of the State of California Pooled Money Investment Account (generally referred to as LAIF) has indicated to the Agency that as of June 30, 2001, the carrying amount of the pool was \$54,496,268,373 and the estimated market value of the pool (including accrued interest) was \$55,175,428,123. The Agency's proportionate share of that value is \$12,097,358. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes totaling \$1,467,666,267 and asset-backed securities totaling \$621,443,328. LAIF's (and the Agency's) exposure to risk (credit, market or legal) is not currently available.

(3) Transactions and Agreements with the City of Culver City

The Agency has entered into various agreements with the City for financial assistance and services, facilities and personnel support. The Agency reimburses the City for all such services performed on its behalf in amounts equal to the gross salary and employee fringe benefits for all City employees utilized by the Agency plus an allocation of overhead costs. The Agency is charged interest on the balance of billings and advances from the City not paid within investments or the maximum legal interest rate. At June 30, 2001, the amount to be reimbursed by the Agency is \$538,291.

Exhibit B CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

The Agency and City have entered into other cooperative agreements, whereby the City has agreed to provide for the construction of projects deemed to be of benefit to one or more of the component areas, and the Agency has agreed to reimburse the City for the related costs. At June 30, 2001, the amount of projects aggregate future costs to be incurred pursuant to the cooperative agreements amounted to approximately \$33,037,451. No unreimbursed costs related to these cooperative agreements are outstanding at June 30, 2001.

(4) Loans And Notes Receivable

The Agency's loans and notes receivable consist of the following at June 30, 2001 (in thousands):

On July 10, 1989, the Agency entered into Owner Participation Agreements for the sale and redevelopment of real property within the Component Area No. 3 and was recorded as a \$ 53 loan receivable.

On December 17, 1990, the Agency provided a loan to a mobile home park, which included affordable housing tenants to assist in acquiring title to mobile home parkland in Culver City. The loan bears simple interest at the rate of 7% per annum from the date of the agreement. The loan is payable beginning 121 months after the date of disbursement (December 17, 1990) and ending thirty years thereafter. This loan will continue to accrue interest at 7% on the original principal balance of \$880,500. Loan payments were deferred for 10 years from the date of the revised first trust deed loan with monthly principal and interest payments of \$10,322 until paid in full. This Agency loan is in third position behind a Bank of America first trust deed note and a loan from the California Department of Housing and Community Development. 849

In March of 1994, the Agency's Housing Division began a mortgage assistance program to provide deferred second trust deeds to qualified low- and moderate-income level families. The term of these loans is 20 years and accrues interest at 5% per annum. Both interest and principal payments are deferred for the first five years. 1,697

In September of 1994, the Agency received a promissory note for relocation costs paid by the Agency on behalf of a local business relocated within the redevelopment area. The note bears interest at 6.1038%, compounded annually and is payable over 30 years. 2,106

The Group Home Program makes funds available for the establishment of group homes that serve special populations, such as the developmentally disabled. As of 1993, the Agency had funded three group homes. The Agency uses housing set-aside funds to support this program. Principal on these loans is deferred for forty years and forgiven provided the covenants for low-income housing are met. The four Group Home loans are as follows: 1,105

Loan recipient	Loan date	Loan amount
ERAS	February 1991	\$ 305,000
HOME	April 1992	412,000
WOW	October 1992	388,000

On September 16, 1996, the Agency approved a Participation Agreement (PA) to provide Agency financial assistance in the maximum amount of \$504,000 for a mixed-use commercial and residential project. Subsequently, the Agency amended to increase the financial assistance by \$150,000, which brought the total financial assistance to \$654,000. The financial assistance consisted partially of a \$329,000 loan, which the Agency provided, in fiscal year 1999 for this mixed-use project. The participation agreement \$ 164 provided the term of the original loan would be reinstated if the remaining principal and

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

accrued interest on the subsequent increase were ever paid. Such payment was received in November 2000. The outstanding balance was thereby reduced and the original payment terms were reinstated.

The City of Culver City has been helping residents preserve their homes and neighborhoods since 1977. Through Agency funding, the Housing Division offers grants and loans to qualified homeowners to assist with making needed home improvements and repairs. The Housing Division currently has four Neighborhood Preservation Program Loans outstanding. 90

The Agency deposits funds with the Bank of America to allow the bank to make certain compensating balance loans on a subsidized basis. The balance of \$368,000 represents the amount on deposit with the Bank of America. As homeowners repay principal balances on such loans, the bank releases such funds back to the Agency. 368

The Agency offers an economic development incentive program to provide financial assistance to property and business owners for physical improvements to existing buildings located within a redevelopment component area in the City. The amount of such financial assistance loans is not intended to be more than is needed to "close the gap" for funding meaningful improvements, nor more than the economic benefit to be realized by the City and Agency in new or increased taxes. The Agency has made a total of seven such loans. These GAP loans are deferred and may be forgiven, if certain economic benchmarks are achieved. 681

Allowance for uncollectible loans. (2,154)

Total loans and notes receivable

\$ 4,959

A reservation of fund balance has been established in the Capital Projects and Expendable Trust Funds for these long-term receivables

(5) **General Long-Term Debt**

Changes in the Agency's general long-term debt during the year ended June 30, 2001 are as follows:

	<u>Balance June 30, 2000</u>	<u>Additions/ Accretions</u>	<u>Retirement</u>	<u>Balance June 30, 2001</u>
1989 Revenue Bonds, Series A (Senior lien project loans)	\$ 993,208	71,487	-	1,064,695
1993 Revenue Bonds	121,555,000	-	1,230,000	120,325,000
1999 Revenue Bonds Series A	31,940,000	-	1,560,000	30,380,000
1999 Revenue Bonds Series B	19,535,000	-	380,000	19,155,000
Total general long- term debt	\$ <u>174,023,208</u>	<u>71,487</u>	<u>3,170,000</u>	<u>170,924,695</u>

Exhibit B
CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

Bonded Debt

A discussion of the Agency's bonded debt follows:

(a) Revenue Bonds

In November 1989, the Culver City Redevelopment Financing Authority (Authority) issued \$109,995,467 of Series A Revenue Bonds (Senior Lien Project Loans) and \$40,000,000 of Series B Revenue Bonds (Subordinate Lien Project Loans). The net proceeds of these bonds were used to fund loans to the Agency. The proceeds of such loans were used in part to advance refund the outstanding Redevelopment Component No. 3 - 1983 Tax Allocation Bonds, the Slauson-Sepulveda Redevelopment Component No. 1 - 1985 Tax Allocation Bonds, the Overland-Jefferson Redevelopment Component No. 2 - 1985 Tax Allocation Bonds and the Washington-Culver Redevelopment Component No. 3 - Tax Allocation Bonds ("1983 and 1985 Tax Allocation Bonds") (see "Defeased Debt" below). The balance of the proceeds of the loans have been used for various redevelopment activities including the construction of a new City Hall, improvements to public buildings and grounds, public right-of-way improvements, real estate assembly and rehabilitation.

In addition, in order to meet certain requirements of Redevelopment Law and to comply with other locally imposed requirements, 10% of the proceeds of the loans, after deposits to the Escrow Fund for the defeasance of the 1983 and 1985 Tax Allocation Bonds and to the Reserve Fund and Interest Account of the Debt Service Fund, was deposited into the Low/Moderate Income Housing Funds of Component Area 1 and Component Area 3.

In November 1993, the Authority issued \$128,070,000 of Revenue Bonds. The net proceeds of these bonds were used to provide loans to the Agency. The proceeds of such loans were used to advance refund a portion of the Agency's outstanding 1989 Series A and Series B Revenue Bonds. (see "Defeased Debt" below)

Loans to the Agency from the Authority are at rates and payment terms identical to the underlying Revenue Bonds of the Authority; the required Reserve and Debt Service Funds for the Revenue bonds are maintained by the Agency; and the Agency reimburses the Authority for all of its other net costs, expenses, or losses; therefore, the transactions of the Authority are included in the financial statements of the Agency and the transactions between the Agency and the Authority are eliminated for financial statement purposes.

In October 1999, the Agency issued a total of \$51,475,000 in bonds consisting of \$31,940,000 in 1999 Series A Bonds (FSA insured) and \$19,535,000 in 1999 Series B Bonds (uninsured). The Agency sold the bonds to the Financing Authority, which then immediately resold the bonds to Stone & Youngberg LLC as underwriter of the Bonds pursuant to a Bond Purchase Agreement among the authority, Agency, and Stone & Youngberg to affect a negotiated bond sale. The 1999 bonds refinanced most of the remaining outstanding 1989 Bonds (totaling \$22,920,000) and realized a net present value savings of over \$1.1 million for the Agency. The aggregate difference in debt service between the refunded and refunding bonds is \$1,107,148. A portion of the 1989 bonds were not refunded at this time because those bonds cannot be called in advance of their maturity dates.

In addition, the 1999 Bonds generated \$25,006,779 in new bond proceeds to finance eligible redevelopment projects activities within the merged Culver City Redevelopment Project.

The unrefunded portion of the 1989 Bonds (total amount outstanding at maturity will be \$1,240,000), and all of the outstanding 1993 Bonds (\$121,555,000) will be senior to both the 1999 Series A and 1999 Series B Bonds.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

Redemption of Current Interest 1989 Bonds-Series A and B - Proceeds from the sale of the 1999 Bonds together with certain moneys held in the funds and accounts relating to the 1989 Bonds were deposited into the 1989 Authority Bonds Refunding Account held by U. S. Bank Trust National Association as Trustee for the Bonds who applied the funds on November 1 1999 (with respect to the 1989 Current Interest Senior Bonds) and December 1, 1999 (with respect to the 1989 Subordinate Bonds) to redeem and defease the 1989 Current Interest Senior Bonds and the 1989 Subordinate Bonds. (See "Defeased Debt" below.)

(b) 1989 Series A Capital Appreciation Bonds (CABs)

The Series A Capital Appreciation Bonds (CABs) were not redeemed with the proceeds of the 1999 Bonds; rather they will be paid at maturity from tax increment revenues generated in the project area.

The CABs, which are payable only at their maturity, mature on November 1 in the years from 2002 to 2004 in an amount (their "Final Compounded Amount") equal to the initial principal amount of such bonds plus accrued interest from the date of issuance, compounded semiannually at May 1 and November 1, at the yields of 7.05% to 7.10%. The Final Compounded Amount of the CABs are not subject to redemption prior to maturity. During the year ended June 30, 2001, the principal balance due on the CABs increased by \$71,487 due to accreted interest.

The Series A Bonds are secured by the senior loans between the Agency and the Authority, and the senior loans are secured by and payable from a pledge of and first lien on any property tax revenues received by the Agency, except for tax increment revenues required by Redevelopment Law and other locally imposed requirements to be deposited to the Low/Moderate Income Housing Funds, on or after November 1, 1989 and available on a non cumulative basis in each 12-month period ending June 30 ("Fiscal Year") up to an amount equal to 100% of annual debt service on the bonds for such Fiscal Year (less amounts already on deposit in the interest and principal accounts in the Debt Service Fund other than amounts representing investment earnings that may be released to the Agency) plus an amount, if any, necessary to maintain the required minimum balance in the Reserve Account ("Pledged Tax Revenues"). A fiscal agent is required to maintain the Debt Service Funds into which Pledged Tax Revenues are deposited. A minimum balance equal to maximum annual debt service must be maintained in a Reserve Fund, to be funded by the Debt Service Fund, if necessary. All tax revenues other than Pledged Tax Revenues are then available for requirements under the Subordinate Debt and, when such Subordinate Debt requirements are satisfied, all other tax revenues may be kept by the Agency.

(c) 1993 Revenue Bonds

The outstanding 1993 Revenue Bonds consist of \$24,910,000 Serial Bonds which mature on November 1 in the years from 2000 through 2008 in amounts from \$1,280,000 to \$3,905,000 and at interest rates of 3.90% to 4.90%; \$28,225,000, 5.50% Term Bonds maturing through November 1, 2014; \$41,425,000, 4.60% Term Bonds maturing through November 1, 2020; and \$25,765,000, 5.00% Term Bonds maturing through November 1, 2023. Interest on Bonds is payable semiannually on May 1 and November 1 of each year.

The Bonds maturing on or after November 1, 2004 are subject to redemption prior to maturity in whole or in part on any interest payment date on or after November 1, 2003, upon payment of a redemption price equal to the principal amount plus a premium. The premium is 2% of the principal amount of bonds redeemed on November 1, 2003; 1% for bonds redeemed on or after May 1, 2004 or November 1, 2004; and there is no premium for bonds redeemed on or after May 1, 2005. The outstanding Term Bonds maturing in 2014 are subject to mandatory redemption in part by lot on November 1 in each year commencing November 1, 2009 through maturity, from sinking fund payments, in the amounts of \$4,100,000 to \$5,355,000. The outstanding Term Bonds maturing in 2020 are subject to mandatory redemption in part by lot on November 1 in each year commencing November 1, 2015 through maturity, from sinking fund payments, in the amounts of \$5,645,000 to \$7,810,000. The outstanding Term Bonds maturing in 2023 are subject to mandatory redemption in part by lot on November 1 in each year commencing November 1, 2021 through maturity, from sinking fund payments, in the amounts of

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

\$8,175,000 to \$9,010,000. If some of the Term Bonds are called for early redemption as described above, the total amount of future sinking fund payments will be reduced by the principal amount of Term Bonds so redeemed, to be allocated among the sinking fund payments on a pro rata basis.

The 1993 Bonds are secured by Pledged Tax Revenues. A fiscal agent is required to maintain the Debt Service Funds into which Pledged Tax Revenues are deposited. A minimum balance equal to the maximum annual debt service must be maintained in a Reserve Fund, to be funded by the Debt Service Fund, if necessary. All tax revenues other than Pledged Tax Revenues may be kept by the Agency.

All bond debt covenants have been complied with.

(d) 1999 Series A Tax Allocation Refunding Bonds (insured)

The Series A Refunding Bonds are issued as term bonds in principal amounts varying from \$1,560,000 to \$12,310,000 totaling \$31,940,000, with interest rates varying from 3.60% to 5.60%. The final maturity date is November 1, 2025. The Series A Bonds maturing on or before November 1, 2009, are not subject to optional redemption prior to maturity. The Series A Bonds maturing and after November 1, 2010, are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities at the option of the Agency on any date on or after November 1, 2009 from funds derived by the Agency from any source, at the following redemption prices (expressed as percentages of the principal amount of the Series A Bonds called for redemption) together with accrued interest thereon to the date fixed for redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
November 1, 2009 through October 31, 2010	102%
November 1, 2010 through October 31, 2011	101
November 1, 2011 and thereafter	100

The Series A Bonds maturing on November 1, 2016, November 1, 2019, and November 1, 2025 are also subject to redemption prior to their stated maturity, in part by lot from Series A Sinking Account Installments deposited in the Series A Sinking Account at the principal amount thereof and interest accrued thereon to the date fixed for redemption without premium in amounts from \$1,225,000 to \$4,870,000.

(e) 1999 Series B Tax Allocation Refunding Bonds (uninsured)

The Series B Refunding Bonds are issued as term bonds in principal amounts varying from \$380,000 to \$6,370,000 totaling \$19,535,000, with interest rates varying from 4.00% to 6.25%. The final maturity date is November 1, 2025. The Series B Bonds maturing on or before November 1, 2004, are not subject to optional redemption prior to maturity. The Series B Bonds maturing and after November 1, 2005, are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities at the option of the Agency on any date on or after November 1, 2004 from funds derived by the Agency from any source, at the following redemption prices (expressed as percentages of the principal amount of the Series B Bonds called for redemption) together with accrued interest thereon to the date fixed for redemption.

Agency designates, prior to their respective maturities at the option of the Agency on any date on or after November 1, 2004 from funds derived by the Agency from any source, at the following redemption prices (expressed as percentages of the principal amount of the Series B Bonds called for redemption) together with accrued interest thereon to the date fixed for redemption.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

<u>Redemption Period</u>	<u>Redemption Price</u>
November 1, 2004 through October 31, 2005	102%
November 1, 2005 through October 31, 2006	101
November 1, 2006 and thereafter	100

The Series B Bonds maturing on November 1, 2018 and November 1, 2025 are also subject to redemption prior to their stated maturity, in part by lot from Series B Sinking Account Installments deposited in the Series B Sinking Account at the principal amount thereof and interest accrued thereon to the date fixed for redemption without premium in amounts from \$605,000 to \$1,315,000.

In lieu of redemption of any Term Bond, amounts on deposit in the Special Fund or in the Sinking Account therein may be used and withdrawn by the Trustee at any time, upon the written for the purchase of such Term Bonds.

(f) Allocation of Bonds by Component Area

The portion of the outstanding 1989 Series A, 1993 Bonds, and 1999 (in thousands) allocable to and secured by the Pledged Tax Revenues of only that Component Area at June 30, 2001 is as follows:

<u>Component Area</u>	<u>1989</u>	<u>1993</u>	<u>1999</u>		<u>Total</u>
	<u>Series A</u>		<u>1999A</u>	<u>1999B</u>	
	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	
Component Area No. 1	\$ -	47,355	-	-	47,355
Component Area No. 2	745	12,770	-	-	13,515
Component Area No. 3	320	60,200	-	-	60,520
Merged Project Area	-	-	30,380	19,155	49,535
Total 1989, 1993, and 1999					
Revenue Bonds Outstanding	<u>\$1,065</u>	<u>120,325</u>	<u>30,380</u>	<u>19,155</u>	<u>170,925</u>

Annual debt service requirements to maturity for all nondefeased-bonded indebtedness outstanding (in thousands) as of June 30, 2001 are as follows:

<u>Year Ending</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>				
2002	\$	3,935	8,568	12,503
2003		4,103	8,411	12,514
2004		4,333	8,259	12,592
2005		4,514	8,080	12,594
2006		4,750	7,888	12,638
Thereafter		<u>149,290</u>	<u>87,235</u>	<u>236,525</u>
Total Debt	\$	<u>170,925</u>	<u>128,441</u>	<u>299,366</u>

Exhibit B
CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

(6) Prior-Year Defeasance of Debt

The Agency has refunded certain bonded debt issued in prior years. Such debt is considered fully defeased by virtue of the creation of irrevocable escrow funds placed with independent fiscal agents in amounts sufficient to pay the principal, accrued interest and early redemption premiums on such debt as it becomes due. Accordingly, such debt is no longer carried on the books of the Agency.

Debt outstanding, which is considered defeased at June 30, 2001, consists of the following:

<u>Debt issue</u>	<u>Amount Outstanding at June 30, 2000</u>
Series A 1989 Revenue Bonds	\$ 70,090,000
Series B 1989 Revenue Bonds	40,000,000
Total Outstanding Debt	<u>\$ 110,090,000</u>

(7) Retirement Plan

The Agency has no employees and utilizes the staff of the City of Culver City. Such staff personnel are members of the California Public Employees' Retirement System (CalPERS) into which the City and its employees contribute.

Specific attribution of the Agency's retirement obligation is not possible. Reference is made to the notes to the general-purpose financial statements in the Comprehensive Annual Financial Report of the City of Culver City for a detailed discussion of the status of the City's retirement plan and funding capabilities.

(8) Commitments and Contingencies

(a) Self-Insurance

The Agency indirectly reimburses the City for unemployment and workers' compensation insurance costs incurred. For purposes of general liability, the Agency is self-insured up to \$1,000,000 and participates through the City in the Independent Cities Risk Management Authority (ICRMA) for amounts in excess of the self-insurance retention. Reference is made to the City's Comprehensive Annual Financial Report for additional information concerning the City's self-insurance program.

(b) Claims and Litigation

The Agency is involved in litigation arising in the normal course of business. In the opinion of the Agency's counsel and management, this litigation will not have a material adverse effect on the financial condition of the Agency.

(c) Commitments

At June 30, 2000, the Agency had approximately \$4,548,330 in commitments for construction, relocation, professional services and other costs related to the implementation of its redevelopment plans.

(9) Low and Moderate Income Housing

The California Health and Safety Code Section 33334.2 requires a redevelopment agency to use at least 20% of tax increment revenues generated by a redevelopment project area to increase the supply of low- and moderate-income housing in the community. The Agency has elected, under applicable law, to defer a portion of payments of the housing set-aside in Component Area No. 1, No. 2, and No. 3 due to existing obligations and previously approved programs, projects, and activities. In fiscal year 2001, the Agency was required to and did set aside 20% of its tax increment funds approximating \$3.9 million into a fund for low- and moderate- income housing.

CULVER CITY REDEVELOPMENT AGENCY

Notes to General Purpose Financial Statements

June 30, 2001

Assembly Bill 2080, enacted in September 1989, sets forth certain accounting and funding requirements for these set-aside monies. Under the bill, the Agency is required to fund the housing set aside in subsequent years in accordance with a plan, to be determined by the Agency in accordance with state law. For fiscal years 1985 through 1989, deferred housing set-aside amounts total \$6,679,466, which are to be funded by a plan established by the Agency to the extent required by state law. For fiscal years 1990 through 2001, housing set-aside requirements of \$22,463,596 are to be funded pursuant to a plan adopted by the Agency under applicable state law. From the 1989 bond issuance, proceeds of \$5,301,243 were transferred to the Low and Moderate Income Expendable Trust Funds for Component Area No. 1 and No.3

(10) Land Held For Resale

As part of its ongoing redevelopment activities, the Agency has purchased land parcels in each of the component areas. Such parcels are held for resale to developers in accordance with the terms of specific Disposition and Development Agreements (DDAs). Land parcels are carried at the lower of cost or net realizable value determined based on such DDAs. Fund balance in each component area is reserved in an amount equal to the land held for resale as such assets do not reflect available spendable resources.

A summary of land held for resale by component area at June 30, 2001 is as follows:

Component Area	Balance	Number of land parcels
Component Area No. 1	\$ 1,519,652	2
Component Area No. 2	1,531,490	4
Component Area No. 3	24,617,731	43
Totals	\$ 27,668,873	49

Exhibit B
CULVER CITY REDEVELOPMENT AGENCY

COMPUTATION OF LOW/MODERATE
INCOME HOUSING FUND
EXCESS/SURPLUS

June 30, 2001

		<u>Low/Moderate Housing Fund</u>
Opening Fund Balance - July 1, 2000		\$ 8,011,337
Less Unavailable Amounts:		
Encumbrances	\$ 67,145	
Loans receivable	<u>2,210,037</u>	
		<u>(2,277,182)</u>
Available Low and Moderate Income Housing Funds		\$ 5,734,155
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
1999-2000	\$ 2,826,511	
1998-1999	2,895,908	
1997-1998	3,258,651	
1996-1997	<u>2,715,975</u>	
Total	<u>\$ 11,697,045</u>	
Base limitation	<u>\$ 1,000,000</u>	
Greater amount		<u>11,697,045</u>
Computed Excess/Surplus - July 1, 2000		<u>\$ -</u>

APPENDIX D
FORM OF BOND COUNSEL OPINION

[CLOSING DATE]

Culver City Redevelopment Agency
9770 Culver Boulevard
Culver City, California 90232-0570

Opinion of Bond Counsel

with reference to

\$28,280,000
Culver City Redevelopment Agency
Tax Allocation Refunding Bonds, 2002 Series A
(Culver City Redevelopment Project)

Members of the Agency:

We have examined the law and original documents or copies certified or otherwise identified to our satisfaction of proceedings taken in connection with the issuance of the above-referenced bonds (the "Bonds") of the Culver City Redevelopment Agency (the "Agency"). We have also examined supplemental documents furnished to us and have obtained such certificates and documents from public officials and others as we have deemed necessary for the purpose of this opinion.

As to questions of fact material to our opinion we have relied upon such certificates and documents without undertaking to verify the same by independent investigation. The Bonds are issued under and pursuant to Part 1 of Division 24 of the California Health and Safety Code and pursuant to an Indenture dated as of October 1, 1999, as amended by a First Supplemental Indenture dated as of April 1, 2002 (collectively, the "Indenture") between the Agency and U.S. Bank, N.A., as Trustee.

From such examination, we are of the opinion that under existing law:

1. The Bonds are valid and binding special obligations of the Agency, payable solely from Tax Revenues (as defined in the Indenture) and certain other funds as provided in the Indenture.
2. Interest on the Bonds is exempt from State of California personal income taxes.
3. Assuming compliance with the covenants described below, interest on the Bonds is excluded from gross income for Federal income tax purposes. The Bonds

are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code") and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. However, we note a portion of the interest on Bonds owned by corporations may be subject to the Federal alternative minimum tax, which is based in part on adjusted current earnings.

The Code sets forth certain requirements which must be met subsequent to the issuance of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issue of the Bonds. The Agency has covenanted in the Indenture to satisfy, or take such actions as may be necessary to cause to be satisfied, each provision of the Code necessary to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

Certain requirements and procedures contained or referred to in the Indenture may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth therein, upon the advice or with the approving opinion of nationally recognized bond counsel, and no opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of any counsel other than ourselves.

Except as stated in the foregoing paragraphs numbered 2 and 3 and the paragraph immediately following paragraph 3, we express no opinion as to any Federal or state tax consequences of the ownership or disposition of the Bonds.

The opinions expressed herein are based on an analysis of existing law and cover certain matters not directly addressed thereby. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in such documents. Furthermore, we have assumed compliance with all agreements and covenants contained in the Indenture.

In addition, we call attention to the fact that the rights of the registered owners of the Bonds and the enforceability of such rights may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the Culver City Redevelopment Agency (the "Agency") and U.S. Bank, N.A., as Trustee (the "Trustee") and in its capacity as Dissemination Agent in connection with the issuance of Culver City Redevelopment Agency Tax Allocation Bonds, 2002 Series A (Culver City Redevelopment Project) (the "Bonds"). The Bonds are being issued pursuant to an Indenture dated as of October 1, 1999 (the AMaster Indenture@), between the Agency and the predecessor of the Trustee, and a First Supplemental Indenture dated as of April 1, 2002, between the Agency and the Trustee (the ASupplemental Indenture@ and, together with the Master Indenture, the AIndenture@). The Agency and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency and the Trustee and Dissemination Agent for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below).

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

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

"Disclosure Representative" shall mean the Executive Director of the Agency or his designee, or such other person as the Agency shall designate in writing to the Trustee and Dissemination Agent from time to time.

"Dissemination Agent" shall mean U.S. Bank, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Agency and which has filed with 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.

"Official Statement" shall mean the final Official Statement with respect to the Bonds.

"Owners" shall mean the registered owners of the Bonds or, if the Bonds are registered in the name of a depository, the beneficial owners of the Bonds.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the 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.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Agency shall, or upon written direction shall cause the Dissemination Agent to, not later than March 31 of each 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, the Research Department of Stone & Youngberg LLC ("Stone & Youngberg") and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-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. The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Agency hereunder. The Dissemination Agent and Trustee may conclusively rely upon such certification of the Agency.

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

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) 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 Annual Report has been furnished to the Dissemination Agent, file a report with the Agency, the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided 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) the audited financial statements of the Agency, prepared in accordance with generally accepted accounting principles in effect from time to time. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update of the information set forth in the Official Statement in Tables 3, 4 and 5.

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 incorporated 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 incorporated by reference.

SECTION 5. Reporting of Material Events.

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;

Exhibit B

- financial difficulties; (4) unscheduled draws on credit enhancements reflecting
- perform; and (5) substitution of credit or liquidity providers, or their failure to
- exempt status of the Bonds; (6) adverse tax opinions or events adversely affecting the tax-
- (7) modifications to rights of security holders;
- (8) unscheduled bond calls;
- (9) defeasances;
- of the securities; and (10) release, substitution or sale of property securing repayment
- (11) rating changes.

(b) The Trustee shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Agency promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f) and promptly notify the Trustee in writing whether or not to report the event to the Owners (unless notice to the Owners is required by the Indenture). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Events shall mean actual knowledge by the officer at the Trust Office of the Trustee with regular responsibility for the administration of the Indenture.

(c) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Agency shall as soon as reasonably possible determine if such event is material under applicable federal securities laws.

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

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

(f) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository, with a copy to the Agency. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Owners of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. The obligations of the Agency, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds; provided that the obligations of the Trustee and Dissemination Agent hereunder shall also terminate upon the resignation or removal of such Trustee or Dissemination Agent.

SECTION 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank, N.A.

The Dissemination Agent may resign on the same basis as provided in Section 7.01 of the Master Indenture for the resignation of the Trustee.

SECTION 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Agency and the Trustee and Dissemination Agent may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Agency provided that neither the Trustee nor the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder) only if:

(a) the amendment is 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 the Agency, or type of business conducted;

(b) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) the amendment does not materially impair the interests of Owners, as determined by parties unaffiliated with the Agency (such as, but without limitation, the Agency's bond counsel) or by Owners' consent pursuant to Section 8.01 of the Master Indenture; and

(d) the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the

reasons for the amendment and the "impact" (as that word is used in the letter from the staff of the Securities and Exchange Commission to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Agency shall have no obligation under this 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, the Trustee shall, at the written direction of any Participating Underwriter or the Owners of a majority in aggregate principal amount of Outstanding Bonds (but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys), or any Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or Trustee, as the case may be, 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 or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VII of the Master Indenture is hereby made applicable to this Disclosure Agreement for the benefit of the Trustee and Dissemination Agent as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Trustee and Dissemination Agent, their 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 wilful misconduct. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Trustee and Dissemination

Exhibit B

Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Owners, or any other party. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: April 1, 2002

CULVER CITY REDEVELOPMENT AGENCY

By _____
Executive Director

U.S. BANK, N.A., as Trustee and as
Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

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

Name of Obligated Party: Culver City Redevelopment Agency (the "Agency")

Name of Bond Issue: Culver City Redevelopment Agency Tax
Allocation Bonds, 2002 Series A (Culver City
Redevelopment Project)

Date of Delivery: April 25, 2002

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of April 1, 2002 between the Agency and U.S. Bank, N.A. [The Agency anticipates that the Annual Report will be filed by _____.]

Dated: _____

U.S. Bank, N.A., on behalf of the Agency

cc: Executive Director, Culver City Redevelopment Agency

APPENDIX F

BOOK ENTRY-ONLY SYSTEM

Book-Entry Only System

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 bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 securities that its participants (Participants) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and 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, but Beneficial Owners are 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 Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds 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 Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no 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 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.

Exhibit B

Redemption notices will be sent to Cede & Co. 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 redeemed.

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

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities 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 securities depository is not obtained, 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, 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 Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

In the event that the book-entry only system for the Bonds, or a portion of the Bonds, is discontinued, Bond certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC Participants may specify (which may be the Indirect DTC Participants or Beneficial Owners), in authorized denominations. The ownership of the Bonds so delivered (and any Bonds thereafter delivered upon a transfer or exchange) will be registered in registration books to be kept by the Trustee at its corporate trust office, and the Agency and the Trustee will be entitled to treat the registered owners of such Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Indenture.

**FISCAL CONSULTANT REPORT
CULVER CITY MERGED PROJECT AREA**

Prepared For

**REDEVELOPMENT AGENCY OF THE CITY OF CULVER CITY
9770 Culver Boulevard
Culver City, California 90232**

Prepared By

**KEYSER MARSTON ASSOCIATES, INC.
500 South Grand Avenue, Suite 1480
Los Angeles, California 90071**

March 8, 2002

APPENDIX G
FISCAL CONSULTANT REPORT

Exhibit B
**Culver City Merged Project Area
Fiscal Consultant Report**

March 8, 2002

1. INTRODUCTION

Keyser Marston Associates, Inc. (KMA) has been retained as Fiscal Consultant to the Culver City Redevelopment Agency to prepare a projection of tax increment revenues for Component Areas 1, 2, 3 and 4 (hereinafter referred to as the Merged Project). The Agency is proposing to issue tax allocation bonds to be secured by tax increment revenues from the Merged Project.

The California Community Redevelopment Law (CRL) provides for the creation of a redevelopment agency for the purpose of eliminating blight. To achieve this purpose, the CRL, along with Article 16, Section 16 of the California Constitution, authorizes the Agency to receive that portion of property tax revenue generated from the increase of the current year taxable values over the base year taxable values that existed at the time of adoption of a redevelopment project. This portion of property tax revenue is referred to as tax increment revenue. The CRL provides that the tax increment revenue may be pledged by the Agency for the repayment of Agency indebtedness.

This Fiscal Consultant Report will examine the Merged Project values which provide the basis from which a multi-year tax increment revenue projection is created. The projected taxable values and resulting tax increment revenues for the Merged Project are based on assumptions determined by a review of the taxable value history of the Merged Project; Agency identified new developments that have been recently completed, are presently under construction or are proposed for the Merged Project; and the property tax assessment and property tax apportionment procedures of Los Angeles County.

2. REVIEW OF THE MERGED PROJECT

2.1 Merged Project and Redevelopment Plan

On July 26, 1971, the Agency adopted the 306-acre Slauson-Sepulveda Redevelopment Project No. 1 (Component Area 1) and on December 28, 1971 the Agency adopted the 184-acre Overland-Jefferson Redevelopment Project No. 2 (Component Area 2). The 526-acre Washington-Culver Redevelopment Project No. 3 (Component Area 3) was adopted on November 24, 1975. On November 23, 1998, the Agency adopted the 270-acre Component Area 4 and concurrently merged the four component areas. The Agency amended the respective Plans to reflect the following limits:

	<u>Debt Incurrence</u>	<u>Plan Effectiveness</u>	<u>Debt Repayment</u>	<u>Tax Increment</u>
Area 1	July 26, 2011	July 26, 2011	July 26, 2021	\$755,000,000
Area 2	December 28, 2011	December 28, 2011	December 28, 2021	\$830,000,000
Area 3	January 1, 2014	November 24, 2015	November 24, 2025	\$3,080,000,000
Area 4	November 23, 2018	November 23, 2028	November 23, 2043	NA

2.2 Review of Agency Obligations

▪ ***Low and Moderate Income Housing Set Aside Requirement***

The CRL requires redevelopment agencies to annually set aside 20 percent of all tax increment revenues into a Low and Moderate Income Housing Set Aside Fund. The set aside requirement could be reduced or eliminated if the redevelopment agency finds that (1) no need exists in the community to improve or increase the supply of low and moderate income housing, (2) that some stated percentage less than 20% of the tax increment is sufficient to meet the housing need or (3) that other substantial efforts, including the obligation of funds from certain local, state or federal sources for low and moderate income housing, of equivalent impact are being provided for in the community. The Agency has not made any of these findings and continues to set aside 20% of annual tax increment net of debt service on previously issued housing bonds. The annual Housing Set Aside has been deducted from the attached tax increment revenue projections for purposes of this analysis.

▪ ***Statutory Pass Through Requirement***

Component Area 4 is subject to the statutory pass through requirements of AB 1290 which provides for specific formulas for payments to be made by the Agency to affected taxing entities as follows: (1) from the first fiscal year in which the Agency receives tax increment until the last fiscal year in which the Agency receives the tax increment, 25% of the tax increments are passed through to the entities (net of the 20% Housing set aside); (2) commencing in the eleventh year, an additional 21% of the tax increment in excess of the tenth year tax increment is passed through to the entities (net of the 20% housing set aside); and (3) commencing in the thirty first year, an additional 14% of the tax increment in excess of the thirtieth year tax increment is passed through to the entities (net of the 20% housing set aside).

On November 23, 1998, the Agency approved technical amendments to the redevelopment plans of Component Areas 1, 2 and 3 which extended the time limits for establishing debt (based upon evidence that significant blight remained in the project areas and that such blight could not be eliminated without the establishment of additional debt). As a result of this extension, the Agency will be required to allocate the statutory pass through to the affected taxing entities commencing in the first fiscal year following the one in which one or more of the limitations being amended would have otherwise taken effect (i.e. former debt incurrence limit was January 1, 2004 and the statutory pass through will commence in FY 2004-05).

For Component Areas 1, 2 and 3, the statutory pass through allocation to affected taxing entities will take effect commencing in FY 2004-05 according to the following formulas: (1) commencing in FY 2004-05, 25% of the tax increment in excess of the FY 2003-04 adjusted base value are passed through to the entities (net of the 20% Housing set aside) and (2) commencing in FY 2014-15, an additional 21% of the tax increment in excess of the FY 2013-14 adjusted base value is passed through to the entities (net of the 20% housing set aside).

▪ **County Administrative Fees**

Chapter 466, Statutes of 1990, (referred to as SB 2557) permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. SB 2557, and subsequent legislation under SB 1559 (Statutes of 1992), permitted counties to charge all jurisdictions, including redevelopment agencies, on a year-to-year basis. For the 2001-02 fiscal year, the County charge for Merged Area totals \$395,186 or (representing approximately 2% of the gross tax increment). The tax increment projection assumes that the County will continue to charge the Agency for property tax administration and that future charges will continue to be applied in subsequent years at a factor of approximately 2% of the gross tax increment revenue.

3. REVIEW OF PROJECT ASSESSED VALUES

3.1 Real and Personal Property

Real Property, as referred to in this Report, is defined to represent land and improvement assessed values. Annual increases in the assessed value of Real Property are limited to an annual inflationary increase of up to 2%, as governed by Article XIII A of the State Constitution. Real Property values are also permitted to increase or decrease as a result of a property's change of ownership or new construction activity. As discussed below, the assessed value of taxable property is subject to reduction under certain conditions.

For the 1995-96 and 1996-97 fiscal years the County Assessor applied a state mandated factor of 1.19% and a 1.11% inflationary factor to Real Property values in the respective fiscal years to reflect the change in the 1994 and 1995 State Consumer Price Indices. For the 1997-98 and 1998-99 fiscal years, the County Assessor applied the maximum 2% inflationary factor. For the 1999-2000 fiscal year, the County Assessor applied a 1.85% inflationary factor and commencing with the 2000-01 and 2001-02 fiscal years, the maximum 2% inflationary factor was used. The tax increment projection incorporates this inflationary growth factor in 2002-03 and assumes that the maximum 2% factor will be applied in subsequent fiscal years thereafter.

The assessed value of Personal Property is not subject to the maximum 2% inflationary increase and is subject to annual appraisal, either upward or downward. State

assessed Non-Unitary properties assessed by the State Board of Equalization (SBE) also may be revalued annually and such assessments are not subject to the annual 2% inflation limitation of Article XIII A.

The Merged Project assessed values are prepared by the County Assessor and, until the 1996-97 fiscal year, have reflected a lien date of March 1. Commencing with the 1997-98 fiscal year, the property tax lien date was changed to January 1, pursuant to Revenue and Taxation Code Section 2192. Each property assessment is assigned a unique Assessor Parcel Number (APN) which correlates to assessment maps prepared by the County. The corresponding assessed values for each parcel are then encoded to Tax Rate Areas (TRAs) which are geographic subareas with common distribution of taxes and which are contained within the Merged Project boundaries. The Merged Project is represented by 16 TRAs.

The County Auditor-Controller is responsible for the aggregation of the assessed values assigned by the Assessor for properties within the boundaries of the Merged Project. This results in the reported total current year assessed value and becomes the basis for determining tax increment revenues due to the Agency. The reported values of the Merged Project for the 2001-02 fiscal year are as follows:

	<u>FY 2001-02 Value</u>	<u>% of Total</u>
Secured Property	\$2,122,656,211	83.87%
Unsecured Property	408,311,415	16.13%
Total Assessed Value	<u>\$2,530,967,626</u>	<u>100.00%</u>

Secured Property includes property on which any property tax levied by the County becomes a lien on that property. Unsecured Property typically includes the value of tenant improvements, trade fixtures and personal property. The taxes levied on Unsecured Property are levied at the previous year's Secured Property tax rate.

3.2 Historic Assessed Values

Aggregated historic Merged Project values were summarized by KMA on Table 1 covering fiscal years 1996-97 to 2001-02 for Component Areas 1, 2 and 3 and 1998-99 to 2001-02 for the added Component Area 4.¹ The historic taxable values reported by the County Auditor-Controller for the Merged Project reflects an overall average annual increase of 6.75% for the three year period after the project merger (FY 1999-00 through FY 2001-02). The year-to-year increases in total value during this period ranged from a high of 8.89% in 2000-01 to a low of 4.84% in 1999-00. The historic valuation patterns experienced in each of the Component Areas are shown on Appendices to Table 1.

¹ In FY 1999-2000, the County Auditor-Controller did not report unsecured values for Component Area 4, but is anticipated to do so during the course of the fiscal year. Therefore, for purposes of the historic comparison and until such time that an aggregation of Component Area 4 unsecured values are reported, the FY 1998-99 base year unsecured values are reflected on Table 1.

3.3 Taxpayer Composition

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Secured properties account for approximately 84% of the total assessed value of the Merged Project and unsecured properties account for approximately 16% of total assessed value. Based upon a review of the 2001-02 Merged Project values, a distribution of values by property use was prepared and summarized below. The review indicates that nearly 40% of the secured values are for commercial uses, 21% for industrial uses and 20% for residential uses. The distribution of total 2001-02 values is shown below:

<u>Designated Land Use</u>	<u>No. of Parcels</u>	<u>2001-02 Value</u>	<u>% of Total</u>
Commercial – Office	195	\$455,664,084	18.00%
Commercial – Retail	380	320,708,403	12.67%
Commercial – Miscellaneous	323	144,783,246	5.72%
Commercial – Hotel & Motel	26	75,417,640	2.98%
Industrial – Manufacturing	254	329,525,254	13.02%
Industrial – Movies & Television	11	116,848,873	4.62%
Industrial – Warehouse/Distribution	71	84,856,777	3.35%
Industrial – Miscellaneous	31	6,545,799	0.26%
Residential – Condominiums	2,151	312,232,433	12.34%
Residential – Single Family	449	122,617,522	4.84%
Residential – Multi-Family	253	64,745,513	2.56%
Institutional	42	39,488,953	1.56%
Vacant	129	28,661,566	1.13%
Other Uses/ Publicly Owned	222	20,181,173	0.80%
State Assessed Non-Unitary	NA	378,975	0.01%
Unsecured	NA	408,311,415	16.13%
Merged Project Totals	4,518	\$2,530,967,626	100.00%

3.4 Ten Largest Taxpayers

The ten largest property owners in the Merged Project were identified by KMA based upon a review of the FY 2001-02 locally assessed secured and unsecured taxable valuations reported by the County Assessor. The aggregated total assessed value of the identified ten largest tax payers is shown on Table 2 and includes the assessee name, property use, component area, tax roll type, parcel count, aggregate assessed value and percentage share of the Merged Project value. The ten identified taxpayers represent \$856.7 million, or 33.85%, of the total Merged Project value for 2001-02. The top ten represents office, retail and industrial uses. Parcels under an outstanding assessment appeal are indicated on Table 2 with the estimated valuation reduction assumed from the Table 3 assessment appeal projection.

3.5 Assessment Appeals

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. The reduction in future Project taxable values and the refund of taxes affects all taxing entities, including the Agency.

Commencing in early 1990's, county assessors throughout California began to see significant numbers of property owners filing petitions to lower their property assessments. Spurred by the residual effects of the last recession and by an entrepreneurial consultant industry specializing in the petitioning of assessments on behalf of property owners, assessment appeal filings rose dramatically from prior years. As a result of the improved economic health experienced throughout the State, the number of recent appeal applications has returned to the levels experienced before 1994. These patterns are illustrated in the table discussed below.

The appeal information was obtained from the Los Angeles County Assessment Appeals Board database and reflects appeal records through the fourth quarter of calendar year 2001. Given the County's delay in transferring recently filed applications into the database, it is possible that the listing of open appeals is incomplete and that additional appeals for fiscal year 2001-02 are forthcoming in future database updates. Therefore, for purposes of this projection, the attached projection incorporated all outstanding appeal filings on record to-date, excluding appeals on supplemental changes or mid year roll changes. Table 3 present the results of this survey and contain listings of properties having an outstanding appeal filed with the Assessment Appeals Board. The listing identifies the Component Area, fiscal year, parcel number, tax roll type, application number, applicant name, contested value, applicant's opinion of value, estimated resolved value and the projected value change.

As assumed on Table 3, for outstanding appeals filed against values reported in FY 2000-01 or earlier, KMA has assumed that the resulting tax refunds would be payable in the current 2001-02 fiscal year and the corresponding valuation reductions reflected in the upcoming 2002-03 property tax roll. For outstanding appeals filed against values reported in the current FY 2001-02, KMA has assumed that the resulting tax refunds would be payable from tax increment generated in 2002-03 and the corresponding valuation reductions would be reflected in the 2003-04 property tax roll.

Valuation reductions for open appeals have been projected by KMA based upon one of the following background assumptions listed below:

- (1) if the parcel assessment was reduced by stipulation or Appeals Board action in the current or in a previous fiscal year, the contested value was reduced to the stipulated amount; or

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- (2) if the applicant, in prior fiscal year appeal filings, withdrew a filed appeal or failed to appear for a scheduled hearing or was denied the appeal, it was assumed that the same would occur with respect to the open appeals being filed by the applicant; or
- (3) for commercial secured value greater than \$5 million, a resolved value to the greater of either the applicant's opinion of value or 83% of the contested value (this 17% reduction determined from the average percentage reduction experienced by a sampling of 17 stipulated commercial property appeals in the Merged Project whose values were greater than \$5 million); or
- (4) for commercial secured value less than \$5 million, a resolved value to the greater of either the applicant's opinion of value or 78% of the contested value (this 22% reduction determined from the average percentage reduction experienced by a sampling of 130 stipulated commercial property appeals in the Merged Project whose values were less than \$5 million); or
- (5) for unsecured assessments, a resolved value to the greater of either the applicant's opinion of value or 83% of the contested value (this 17% reduction determined from the average percentage reduction experienced by a sampling of 27 stipulated unsecured appeals in the Merged Project).

Actual reductions in taxable values may likely be higher or lower than what has been incorporated in the attached tables. In actuality, an appeal may be withdrawn by the applicant, the Appeals Board may deny or modify the appeal at hearing or by stipulation, or the final value will be adjusted to an amount other than the stated opinion of value or that amount assumed by KMA.

The database extraction of assessment appeal records for the respective component areas totaled over 1,800 records. Based upon the distribution of Agency-wide appeals shown on the table below, historic statistical patterns prior to FY 2000-01 indicate that an average of 24% of all filed appeals were reduced or stipulated, while approximately 72% of all filed appeals subsequently were withdrawn, denied, deemed invalid or the applicant fails to appear.

<u>Fiscal Year</u>	<u>Total Filings</u>	<u>Stipulated or Reduced</u>	<u>Denied, Invalid, Withdrawn or Non-appearance</u>	<u>Open Appeals</u>
2001-02	9	0	0	9
2000-01	32	6	7	19
1999-00	211	38	154	19
1998-99	182	36	130	16
1997-98	294	60	227	7
1996-97	466	88	378	0
1995-96	473	206	267	0

4. TAX ALLOCATION AND DISBURSEMENT

4.1 Tax Rates

The tax rates which are applied to incremental taxable values consist of two components: the General Tax Rate of \$1.00 per \$100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed one percent (\$1.00 of \$100 taxable value) in accordance with Article XIII A. An amendment to the Constitution prohibits redevelopment agencies from receiving taxes generated by new Override Tax Rates, which are reflective of debt approved after December 31, 1988.

As a result of this legislative amendment, the tax rate used by the County Auditor-Controller is typically lower than the tax rate which would appear on the property tax bills. For the 2001-02 fiscal year, the tax rate used by the County Auditor-Controller to determine annual tax increment is a relatively low rate as evidenced by the representative rates shown below for the respective component areas. These tax rates have been incorporated in the tax increment revenue projections.

Component Area 1	1.025793%
Component Area 2	1.025952%
Component Area 3	1.025501%
Component Area 4	1.025786%

4.2 Allocation of Taxes

The County Auditor-Controller is responsible for the aggregation of the taxable values assigned by the Assessor as of the lien date for property within the boundaries of the respective component areas. This results in the reported total current year component area taxable value and becomes the basis for determining tax increment revenues due to the Agency. Although adjustments to taxable values for property within the Merged Project may occur throughout the fiscal year for Assessor value changes and corrections, such adjustments are not assumed in the tax increment projection prepared by KMA.

Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Tax increment revenue is disbursed to the Agency based upon actual collections within the Project TRAs. The secured tax revenues are disbursed beginning in December with a 35% advance payment followed by a 5% advance in January. A reconciliation payment reflecting actual first installment collections is made in February. In April, 75% of the total levy is disbursed to the Agency, followed by a reconciliation payment in May reflecting actual second installment collections. Final payments are generally allocated in August. Over-allocations, if any, are deducted from the next year's

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allocation. The unsecured tax increment revenues are advanced in November and March of each year with final reconciliation payments made in August.

4.3 Tax Receipts to Tax Levy

Tax increment revenues are allocated to the Agency based upon actual tax collections received in the respective component areas. To estimate the percentage of unpaid taxes in a given component area, a comparison of computed tax levy to actual tax receipts was conducted by KMA. This comparison, summarized on Table 4, was reviewed for the 1996-97 through 2000-01 fiscal years.

A comparison of the historic receipt rate revealed an average collections rate of nearly 97.8% (a 2.2% delinquency rate over the five year period) from the calculated tax levy for the period reviewed. The delinquency rates ranged from a high of 4.84% in 1996-97 to a low of 0.71% in 2000-01. The delinquency rates include collections from both secured and unsecured taxes. For purposes of this comparison, the calculated tax levy and the annual receipt amounts do not include administrative charges, supplemental taxes, prior year redemption payments, tax refunds due to appeals, mid year roll adjustments or pass through payments.

5. TAX INCREMENT REVENUE PROJECTION

5.1 Tax Increment Revenues

Property tax revenues in excess of the amount resulting from the valuation shown on the assessment roll for the base year values of the respective component areas is referred to as tax increment. The base year for a component area represents the fiscal year in which taxable property was last equalized prior to the effective date of the ordinance approving the Redevelopment Plans for the component area.

The projections of tax increment revenues shown on Table 6 are based upon the actual 2001-02 fiscal year and base year assessed values reported by the County Auditor-Controller. The application of the Proposition 13 inflationary increase to Real Property values, plus any anticipated values added from new developments identified by Agency staff, results in the estimate of future Project values. For purposes of this projection, projected values in 2002-03 are adjusted to reflect estimated valuation changes resulting from identified assessment appeals.

5.2 New Development Value Added

New developments occurring in the Merged Project have been identified by Agency staff for inclusion in the tax increment revenue projection. The projects included in the tax increment projection and their corresponding estimates of taxable value are presented on Table 5 for each component area. The anticipated development values incorporated in the tax increment revenue projection are shown for projected secured and unsecured value added.

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The amount of new development values anticipated to be added to the future property tax rolls are assumed to be as of the January 1st lien date of each year. The valuation estimates for each project are based on building permit values provided by the City or on industry standard cost allowances provided by Marshall Swift Valuation Services.

5.3 Unitary Tax Revenue

Commencing in 1988-89, the reporting of public utility values assessed by the State Board of Equalization (SBE) was modified pursuant to legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921). Previously, property assessed by the SBE was assessed State-wide and was allocated according to the location of individual components of a utility in a TRA. Hence, public utility values located within a component area were fully reflected in the component area's annual taxable value. Since the County no longer included the taxable value of unitary properties as part of the reported taxable values in a redevelopment project, base year reductions were made equal to the amount of unitary taxable value that existed originally in the base year. The values of most public utility properties are now assessed as a single unit on a County-wide basis (referred to as unitary values). Railroad properties and utility owned parcels not included by SBE in the unitary assessment are referred to as Non-Unitary assessments.

Unitary tax revenues are distributed by the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (2) if utility tax revenues are insufficient to provide the same amount of revenue as in the previous year, allocation of the taxes would be reduced pro-rata County-wide; and (3) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are distributed to the local secured taxable values of the County.

According to the County Auditor-Controller, the Agency should receive nearly \$430,300 in unitary tax revenues for Component Areas 1, 2 and 3 in FY 2001-02. For purposes of this projection, it is assumed that the unitary tax revenues will stabilize at this amount in FY 2002-03 and thereafter.

5.4 Supplemental Assessments

Supplemental assessments are authorized under Chapter 498 of the Statutes of 1983 which provides that property may be reassessed upon the occurrence of a change of ownership or completion of new construction. The supplemental assessment reflects the difference between the new value and old value. Prior to the enactment of Chapter 498, property reassessments occurred only on the lien date next following the change in ownership or new construction. The supplemental tax (if there is a resulting increase in value) or the supplemental refund (if there is a resulting decrease in value) is determined by applying the current year tax rate to the amount of supplemental assessment and prorating the resulting tax

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based upon the number of months remaining in the current fiscal year and, in certain instances, in the forthcoming fiscal year.²

The tax revenues or refunds derived from supplemental assessments are allocated to redevelopment agencies on a monthly basis and incorporated in the tax payments prepared by the County Auditor-Controller. Future new developments or property transfers occurring in the Merged Project could likely result in supplemental tax revenues being allocated to the Agency. However, due to their nature as one-time occurring revenues, supplemental taxes can be a relatively minimal revenue source to the Agency to the extent no new developments or transfers of ownership are occurring in the Merged Project. In addition, pursuant to conversations with County Tax Collector staff, the receipt of supplemental taxes by the Agency can be delayed by as much as six to nine months after a property transfer or construction.

Supplemental taxes are prorated by the number of months that remain in the fiscal year. However, the City's projection of future new developments occurring in the Merged Project did not contain specific completion months, making an annual supplemental tax estimate difficult to project. Therefore, for purposes of the projection, KMA has not included any revenues in the tax increment projection resulting from future supplemental assessments.

5.5 Tax Increment Revenue Projection

The tax increment revenue projection for the Merged Project is summarized on Table 6 commencing with the 2001-02 fiscal year. The projection incorporates the valuation assumptions previously discussed in this Report. The projection is separated into Real Property and Personal Property values for purposes of increasing Real Property values allowed under Proposition 13. The projections have been extended to the tax increment receipt time limits presently imposed under AB 1290 and as was amended by the Agency in the 1998 project area merger.

The projected growth in Real Property taxable values has been limited to anticipated value added from the identified new developments discussed above, and the maximum annual inflationary factor allowed under Proposition 13. This projection assumes that future inflationary growth commencing in 2002-03 will be at least 2% per year. Future Personal Property values are assumed to stabilize at the previous year level. Net tax increment revenue represents the gross tax increment revenue less the sum of the County's collection fee authorized under SB 2557, the estimated potential tax refund due to outstanding Project appeals identified by the County and statutory pass through payments required under AB 1290.

5.6 Caveats

The projection reflects KMA's understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to

² Two supplemental assessments would occur in instances where a change in ownership or a new construction occurs between the January 1 lien date and May 31st.

change as a reflection of policy revisions or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections. Assumptions have also been made that Unitary tax revenues will continue to be allocated in the manner discussed herein and that legislatively-mandated payments to the State will not be required in future fiscal years. These assumptions reflect existing State policies and are subject to future legislative changes.

No assurances are provided by KMA as to the certainty of the projected tax increment revenues shown on Table 6. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, or the non-payment of taxes due. The accuracy or completeness of assessment appeals identified in the attached table are based solely upon information provided by the County Assessor's office.

Table 1

Historic Project Area Assessed Values
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency

Merged Project Area

	1996-97		(2)		(2)		(2)		(2)		(2)		Merged Project Avg % Change
	Areas 1,2,3	1997-98 Areas 1,2,3	% Chg	1998-99 Areas 1,2,3,4	% Chg	1999-2000 Areas 1,2,3,4	% Chg	2000-01 Areas 1,2,3,4	% Chg	2001-02 Areas 1,2,3,4	% Chg		
I. Secured (1):													
Land	602,041,376	590,700,268	-1.88%	783,952,715	32.72%	813,435,506	3.76%	895,178,504	10.05%	956,489,956	6.85%	6.89%	
Improvements	838,736,535	867,531,181	3.43%	1,002,188,672	15.52%	1,066,526,816	6.42%	1,127,940,453	5.76%	1,169,953,471	3.72%	5.30%	
Personal Property	3,776,315	11,149,012	195.24%	13,226,742	18.64%	12,099,937	-8.52%	11,649,140	-3.73%	11,621,715	-0.24%	-4.16%	
Exemptions	19,192,900	19,481,776	1.51%	28,025,785	43.86%	27,746,306	-1.00%	26,390,703	-4.89%	15,408,931	-41.61%	-15.83%	
Total Secured	1,425,361,326	1,449,898,685	1.72%	1,771,342,344	22.17%	1,864,315,953	5.25%	2,008,377,394	7.73%	2,122,656,211	5.69%	6.22%	
II. Unsecured (1):													
Land	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%	
Improvements	50,091,031	47,897,542	-4.38%	72,443,538	51.25%	69,050,159	-4.68%	64,089,988	-7.18%	100,971,589	57.55%	15.23%	
Personal Property	171,908,797	190,361,113	10.73%	237,986,859	25.02%	249,247,186	4.73%	303,962,224	21.95%	307,952,988	1.31%	9.33%	
Exemptions	314,100	470,900	49.92%	560,800	19.09%	714,800	27.46%	579,300	-18.96%	613,162	5.85%	4.78%	
Total Unsecured	221,685,728	237,787,755	7.26%	309,869,597	30.31%	317,582,545	2.49%	367,472,912	15.71%	408,311,415	11.11%	9.77%	
III. Merged Area Value (1)													
Land	602,041,376	590,700,268	-1.88%	783,952,715	32.72%	813,435,506	3.76%	895,178,504	10.05%	956,489,956	6.85%	6.89%	
Improvements	888,827,566	915,428,723	2.99%	1,074,632,210	17.39%	1,135,576,975	5.67%	1,192,030,441	4.97%	1,270,925,060	6.62%	5.75%	
Personal Property	175,685,112	201,510,125	14.70%	251,213,601	24.67%	261,347,123	4.03%	315,611,364	20.76%	319,574,703	1.26%	8.68%	
Exemptions	19,507,000	19,952,676	2.28%	28,586,585	43.27%	28,461,106	-0.44%	26,970,003	-5.24%	16,022,093	-40.59%	-15.42%	
Total Merged Area	1,647,047,054	1,687,686,440	2.47%	2,081,211,941	23.32%	2,181,898,498	4.84%	2,375,850,306	8.89%	2,530,967,626	6.53%	6.75%	

(1) Source: Los Angeles County Auditor-Controller.

(2) 1998-99 base year values for Component Area 4 are incorporated in the FY 1998-99 values shown. In FY 1999-2000, the County did not report unsecured values for Component Area 4. Therefore, for purposes of this comparison, the FY 1998-99 base year unsecured values are incorporated in the FY 1999-2000 values shown above.

Table 2
Ten Largest Assessee - FY 2001-02 Values
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency

Assessee Name	Property Use	Component Area	Tax Roll	No. of Parcels	2001-02 Value	% of Total Project Value (1)	Parcels Under Appeal	Contested FY	Estimated Appeal Value Reduction (2)
1 Sony Related Entities: Lot Inc. Sony Pictures Properties Inc. TCE - Filmland Unsecured Assessments to Sony Subtotal	Industrial Industrial & Commercial Commercial Office Unsecured Values	Area 3 Area 3 Area 3 Areas 1 & 3	Secured Secured Secured Unsecured	5 22 1 18	158,370,473 102,338,678 86,291,420 155,637,722 502,638,293	6.26% 4.04% 3.41% 6.15% 19.86%	2	2001-02	0
2 Fox Hills Mall LLC	Shopping Center	Area 1	Secured	10	75,276,640	2.97%			
3 Arden Realty Finance	Commercial Office	Area 1	Secured	5	69,024,272	2.73%			
4 Brotman Partners LP	Institutional Medical	Area 3	Secured	8	44,223,040	1.75%	8	7 in 1999-00 1 in 2001-02	(4,617,418)
5 Amberdon Corporate Pointe Ltd	Commercial Office	Area 1	Secured	3	38,500,000	1.52%			
6 Teachers Insurance Annuity	Industrial & Commercial	Area 1	Secured	11	33,172,908	1.31%			
7 Culver Center Partners L L C	Shopping Center	Area 3	Secured	31	29,540,868	1.17%	1	2000-01	(79,700)
8 Costco Wholesale Corporation	Commercial Retail	Area 4	Secured	5	23,705,261	0.94%			
9 USA Park Place Inc.	Commercial Office	Area 1	Secured	17	21,522,010	0.85%			
10 TIAA Realty	Commercial Office	Area 1	Secured	2	19,111,107	0.76%			
TOTALS					856,714,399	33.85%			

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(1) Based upon reported FY 2001-02 Project Area value of \$2,530,967,626.
(2) Refer to Table 3 estimate of value reductions caused by identified appeals.

Table 3

**Assessment Appeal Summary of All Reported Pending Appeals
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency**

RP	FY	Seq	Sec APN	Application Number	Applicant Name	Tax Roll	Use	Total Contested Value	Applicant Opinion of Value	Projected Resolved Value	Value Change	Assumption
Secured & Supplemental Appeal Records												
1	RP1	2000	000	4134-005-011	2001-002122	WELLS FARGO BANK	Secured	1,003,944	0	783,076	(220,868)	Reduce to Opinion or 78% of Contested, whichever is greater
2	RP1	1999	000	4134-005-011	2001-002122	WELLS FARGO BANK	Secured	984,260	0	767,723	(216,537)	Reduce to Opinion or 78% of Contested, whichever is greater
3	RP1	1998	010	4134-005-011	2001-002122	WELLS FARGO BANK	Suppl	NA	200,000			Contested Supplemental value was not on record.
4	RP1	2000	010	4134-018-003	2001-002233	GRUBARGES-CULVER CITY, LLC	Suppl	NA	6,950,000			Contested Supplemental value was not on record.
5	RP1	1999	010	4134-018-003	2001-002233	GRUBARGES-CULVER CITY, LLC	Suppl	NA	6,950,000			Contested Supplemental value was not on record.
6	RP4	2001	000	4203-026-031	2001-001565	MAGNET SALES	Secured	2,933,902	1,400,000	2,288,444	(645,458)	Reduce to Opinion or 78% of Contested, whichever is greater
7	RP4	2001	000	4203-026-031	2000-000950	MAGNET SALES	Secured	2,876,375	1,450,000	2,243,573	(632,803)	Reduce to Opinion or 78% of Contested, whichever is greater
8	RP4	2001	000	4203-026-032	2001-001582	MAGNET SALES	Secured	1,189,449	650,000	927,770	(261,679)	Reduce to Opinion or 78% of Contested, whichever is greater
9	RP4	2000	000	4203-026-032	2000-000951	MAGNET SALES	Secured	1,166,128	800,000	909,580	(256,548)	Reduce to Opinion or 78% of Contested, whichever is greater
10	RP3	2001	000	4206-021-011	2001-004542	SONY PICTURES PROPERTIES INC.	Secured	704,504	500,000	704,504	0	Assume will be Withdrawn (as in 1995-1999 filings)
11	RP3	2000	000	4206-021-011	2001-004542	SONY PICTURES PROPERTIES INC.	Secured	1,217,280	800,000	1,217,280	0	Assume will be Withdrawn (as in 1995-1999 filings)
12	RP3	2000	000	4206-029-028	2000-005839	ABRAHAM HU	Secured	2,960,865	2,350,000	2,960,865	0	Assume will be Withdrawn (as in 1995-1999 filings)
13	RP3	1999	000	4207-002-015	1999-010248	BROTMAN PARTNERS L.P.	Secured	631,659	225,000	492,694	(138,965)	Reduce to Opinion or 78% of Contested, whichever is greater
14	RP3	1998	000	4207-002-015	1998-020917	BROTMAN PARTNERS L.P.	Secured	620,168	225,000	483,731	(136,437)	Reduce to Opinion or 78% of Contested, whichever is greater
15	RP3	1997	000	4207-002-015	1997-054377	BROTMAN PARTNERS L.P.	Secured	608,008	350,000	474,246	(133,762)	Reduce to Opinion or 78% of Contested, whichever is greater
16	RP3	1999	000	4207-002-027	1999-010248	BROTMAN PARTNERS L.P.	Secured	14,069,936	7,500,000	11,678,047	(2,391,889)	Reduce to Opinion or 83% of Contested, whichever is greater
17	RP3	1998	000	4207-002-027	1998-020917	BROTMAN PARTNERS L.P.	Secured	13,813,964	7,500,000	11,465,590	(2,348,374)	Reduce to Opinion or 83% of Contested, whichever is greater
18	RP3	1997	000	4207-002-027	1997-054378	BROTMAN PARTNERS L.P.	Secured	21,816,240	14,500,000	18,107,479	(3,708,761)	Reduce to Opinion or 83% of Contested, whichever is greater
19	RP3	1999	000	4207-003-006	1999-010248	BROTMAN PARTNERS L.P.	Secured	555,415	225,000	433,224	(122,191)	Reduce to Opinion or 78% of Contested, whichever is greater
20	RP3	1998	000	4207-003-006	1998-020917	BROTMAN PARTNERS L.P.	Secured	545,312	225,000	425,343	(119,969)	Reduce to Opinion or 78% of Contested, whichever is greater
21	RP3	1999	000	4207-003-007	1999-010248	BROTMAN PARTNERS L.P.	Secured	359,101	175,100	280,099	(79,002)	Reduce to Opinion or 78% of Contested, whichever is greater
22	RP3	1998	000	4207-003-007	1998-020917	BROTMAN PARTNERS L.P.	Secured	352,569	175,100	275,004	(77,565)	Reduce to Opinion or 78% of Contested, whichever is greater
23	RP3	2001	000	4207-003-008	2001-004144	BROTMAN PARTNERS L.P.	Secured	353,441	145,000	275,884	(77,557)	Reduce to Opinion or 78% of Contested, whichever is greater
24	RP3	2000	000	4207-003-008	2000-004958	BROTMAN PARTNERS L.P.	Secured	346,512	145,000	270,279	(76,233)	Reduce to Opinion or 78% of Contested, whichever is greater
25	RP3	1999	000	4207-003-008	1999-010248	BROTMAN PARTNERS L.P.	Secured	326,780	175,100	254,888	(71,892)	Reduce to Opinion or 78% of Contested, whichever is greater
26	RP3	1998	000	4207-003-008	1998-020917	BROTMAN PARTNERS L.P.	Secured	320,836	175,100	250,252	(70,584)	Reduce to Opinion or 78% of Contested, whichever is greater
27	RP3	1999	000	4207-003-014	1999-010248	BROTMAN PARTNERS L.P.	Secured	4,314,106	2,000,000	3,355,003	(949,103)	Reduce to Opinion or 78% of Contested, whichever is greater
28	RP3	1998	000	4207-003-014	1998-020917	BROTMAN PARTNERS L.P.	Secured	4,235,621	2,000,000	3,303,784	(931,837)	Reduce to Opinion or 78% of Contested, whichever is greater
29	RP3	1997	000	4207-003-014	1997-054379	BROTMAN PARTNERS L.P.	Secured	4,152,570	2,250,000	3,239,005	(913,565)	Reduce to Opinion or 78% of Contested, whichever is greater
30	RP3	1999	000	4207-003-015	1999-010248	BROTMAN PARTNERS L.P.	Secured	3,537,231	1,800,000	2,769,040	(778,191)	Reduce to Opinion or 78% of Contested, whichever is greater
31	RP3	1998	000	4207-003-015	1998-020917	BROTMAN PARTNERS L.P.	Secured	3,472,879	1,800,000	2,708,846	(764,033)	Reduce to Opinion or 78% of Contested, whichever is greater
32	RP3	1997	000	4207-003-015	1997-054380	BROTMAN PARTNERS L.P.	Secured	365,088	150,000	265,532	(109,556)	Reduce to Opinion or 78% of Contested, whichever is greater
33	RP3	1999	000	4207-006-003	1999-010248	BROTMAN PARTNERS L.P.	Secured	358,447	150,000	284,769	(80,319)	Reduce to Opinion or 78% of Contested, whichever is greater
34	RP3	1998	000	4207-006-003	1998-020917	BROTMAN PARTNERS L.P.	Secured	579,700	232,000	500,000	(79,700)	Reduce to Opinion or 78% of Contested, whichever is greater
35	RP3	2000	000	4208-016-024	2000-009697	GOODYEAR TIRE/ CULVER CTR PTRS	Secured	171,168	0	115,000	(56,168)	Reduce to Stipulated value on 1999 Appeal
36	RP2	2000	000	4209-031-083	2000-005394	GINO C. PETRELLA	Secured	1,370,508	1,054,000	1,080,000	(290,508)	Reduce to Stipulated value on 1999 Appeal
37	RP4	2001	000	4213-016-018	2001-002013	ASTRO M. EL	Secured	1,927,690	1,300,000	1,927,690	0	Assume will be Withdrawn (as in 2000 filing)
38	RP4	2000	010	4213-019-035	2000-013961	SEPULVEDA GROUP	Suppl	1,901,672	0	1,370,000	(531,672)	Reduce to Stipulated value on 2000 Appeal
39	RP4	2001	000	4217-011-064	2001-003714	LEONARD & MARGARET WISSINK	Secured	109,140	95,455	95,455	(13,685)	Reduce to Opinion or 78% of Contested, whichever is greater
40	RP4	2000	000	4312-016-002	2000-005177	WALTER N., INC. MARKS	Secured	109,140	95,455	95,455	(13,685)	Reduce to Opinion or 78% of Contested, whichever is greater
41	RP4	2000	000	4312-016-003	2000-005177	WALTER N., INC. MARKS	Secured	109,140	95,455	95,455	(13,685)	Reduce to Opinion or 78% of Contested, whichever is greater

Source: Los Angeles County Assessment Appeals Board Database as of September 2001.
Prepared by Keyser Marston Associates, Inc.
Filename: Appeal_01-10-2002: Appeals; 3/8/2002: GSH; Page 1 of 3

Table 3

**Assessment Appeal Summary of All Reported Pending Appeals
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency**

RP	FY	Seq	Sec APN	Application Number	Applicant Name	Tax Roll	Use	Total Contested Value	Applicant Opinion of Value	Projected Resolved Value	Value Change	Assumption		
42	RP4	2000	000	4312-016-004	2000-005177	WALTER N., INC. MARKS	Secured	COML	157,080	105,455	122,522	(34,558)	Reduce to Opinion or 78% of Contested, whichever is greater	(1)
43	RP4	2000	000	4312-016-013	2000-005177	WALTER N., INC. MARKS	Secured	COML	1,403,520	596,920	1,094,746	(308,774)	Reduce to Opinion or 78% of Contested, whichever is greater	(1)
44	RP4	2001	000	4312-023-002	2001-001890	SANFORD BLAREIN	Secured	APTS	478,100	330,000	321,500	(156,600)	Reduce to Stipulated value on 1999 Appeal	(1)
45	RP4	2000	000	4312-023-002	2000-000336	SANFORD BLAVIN	Secured	APTS	476,000	300,000	321,500	(154,500)	Reduce to Stipulated value on 1999 Appeal	(1)
Unsecured Appeal Records														
46	RP3	1997	000	40765392	1997-032230	AUTOMATED STUDIO LIGH	Unsecured	OTHR	1,783,161	800,000	1,480,024	(303,137)	Reduce to Opinion or 83% of Contested, whichever is greater	(2)
47	RP3	1998	000	40771879	1998-010082	AUTOMATED STUDIO LIGHTING	Unsecured	COML	2,314,005	1,250,000	1,920,624	(393,381)	Reduce to Opinion or 83% of Contested, whichever is greater	(2)
48	RP1	2000	000	40767380	2000-005291	CIRCUIT CITY	Unsecured	CBPF	570,510	420,061	473,523	(96,987)	Reduce to Opinion or 83% of Contested, whichever is greater	(2)
49	RP3	1999	000	40777036	1999-007934	GAME SHOW NETWORK	Unsecured	BPF	4,852,792	2,520,000	4,202,900	(649,892)	Reduce to Stipulated value on 1997 Appeal	(2)
50	RP3	1998	000	40787820	1998-010097	GAME SHOW NETWORK	Unsecured	COML	5,134,007	3,030,000	4,202,900	(931,107)	Reduce to Stipulated value on 1997 Appeal	(2)
51	RP4	2000	000	40725096	2000-008365	LITTLE CAESAR ENTERPRISES, INC	Unsecured	BPF	94,511	71,129	78,444	(16,067)	Reduce to Opinion or 83% of Contested, whichever is greater	(2)
52	RP3	1999	000	40756787	1999-003653	MEDIAONE OF LOS ANGELES, INC.	Unsecured	BPF	4,363,710	992,000	3,621,879	(741,831)	Reduce to Opinion or 83% of Contested, whichever is greater	(2)
53	RP1	2000	000	40728113	2000-005402	PRIMARY COLOR PRINTING, LLC	Unsecured	BPF	3,194,053	1,597,027	2,651,064	(542,989)	Reduce to Opinion or 83% of Contested, whichever is greater	(2)
54	RP4	2000	000	40739050	2000-005708	SAFEMART STORES, INC	Unsecured	BPF	1,200,487	398,162	996,404	(204,083)	Reduce to Opinion or 83% of Contested, whichever is greater	(2)
55	RP3	1999	000	40777053	1999-007932	SONY CINEMA PRODUCTS CORP	Unsecured	BPF	1,034,708	500,000	1,034,708	0	Assume will be Withdrawn (as in 1998 filing)	(2)
56	RP3	1998	000	40768636	1998-010123	SONY CORPORATION OF AMERICA	Unsecured	COML	388,222	200,000	388,222	0	Assume will be Withdrawn (as in 1995 filing)	(2)
57	RP3	1999	000	40777656	1999-007936	SONY HIGH DEFINITION FACILITY	Unsecured	BPF	8,789,414	4,035,000	6,992,223	(1,797,191)	Reduce to Stipulated value on 1997 Appeal	(2)
58	RP3	1998	000	40788396	1998-010108	SONY HIGH DEFINITION FACILITY	Unsecured	COML	10,623,446	2,541,188	6,992,223	(3,631,223)	Reduce to Stipulated value on 1997 Appeal	(2)
59	RP3	1999	000	40787137	1999-007937	SONY PICTURE IMAGEWORK, INC.	Unsecured	BPF	26,224,351	15,200,000	26,224,351	0	Assume will be Withdrawn (as in 1997 filing)	(2)
60	RP3	1998	000	40768084	1998-010081	SONY PICTURE IMAGEWORKS INC	Unsecured	COML	21,140,636	11,500,000	21,140,636	0	Assume will be Withdrawn (as in 1997 filing)	(2)
61	RP3	1999	000	40786375	1999-007935	SONY PICTURES ENTERTAINMENT	Unsecured	BPF	435,528	200,000	361,488	(74,040)	Reduce to Opinion or 83% of Contested, whichever is greater	(2)
62	RP3	1994	000	44803415	2000-002223	SONY PICTURES ENTERTAINMENT IN	Unsecured	BPF	26,179,655	12,000	21,729,114	(4,450,541)	Reduce to Opinion or 83% of Contested, whichever is greater	(2)
63	RP3	1999	000	40765112	1999-007929	SONY PICTURES STUDIOS INC.	Unsecured	BPF	31,932,669	20,000,000	31,932,669	0	Assume will be Withdrawn (as in 1998 filing)	(2)
64	RP3	1998	000	40788523	1998-010107	SONY PICTURES STUDIOS INC	Unsecured	COML	39,532,652	25,000,000	39,532,652	0	Assume will be Withdrawn (as in 1996 filing)	(2)
65	RP3	1997	000	40764895	1997-032207	SONY PICTURES STUDIOS INC.	Unsecured	OTHR	26,980,171	18,500,000	26,980,171	0	Assume will be Withdrawn (as in 1996 filing)	(2)
66	RP3	1999	000	40764915	1999-007930	THE CULVER STUDIO INC-TAX DEPT	Unsecured	BPF	4,500,658	2,500,000	4,500,658	0	Assume will be Withdrawn (as in 1995 filing)	(2)
67	RP3	1998	000	40771267	1998-010125	THE CULVER STUDIO INC-TAX DEPT	Unsecured	COML	4,945,270	3,000,000	4,945,270	0	Assume will be Withdrawn (as in 1995 filing)	(2)
68	RP3	1997	000	40773392	1997-032229	THE CULVER STUDIO INC.	Unsecured	OTHR	4,664,240	3,000,000	4,664,240	0	Assume will be Withdrawn (as in 1995 filing)	(2)
69	RP3	1999	000	40777009	1999-007931	WESTSIDE PRODUCTION SERVICES	Unsecured	BPF	4,500,658	1,000,000	3,735,546	(785,112)	Reduce to Opinion or 83% of Contested, whichever is greater	(2)
70	RP3	2000	000	40768040	2000-010596	WESTSTAR CINEMAS INC	Unsecured	BPF	835,929	650,000	472,000	(363,929)	Reduce to Stipulated value on 1999 Appeal	(2)
71	RP2	2001	000	40793586	2001-003142	XEROX CORP.WEST COAST	Unsecured	BPF	NA	916,548			Contested Unsecured value was not on record.	(2)

Exhibit B

Table 3

Assessment Appeal Summary of All Reported Pending Appeals
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency

RP	FY	Seq	Sec APN	Application Uns Bill #	Applicant Name	Tax Roll	Use	Total Contested Value	Applicant Opinion of Value	Projected Resolved Value	Value Change	Assumption
Component Area 1												
					Total Secured Reductions (all filings)			23,417,141	24,425,000	1,550,799	(437,405)	
					Total Unsecured Reductions (all filings)			3,754,563	2,017,088	3,124,587	(639,976)	
					Projected 2001-02 Tax Refund						(10,774)	
					(1) Projected 2002-03 Secured Value Reduction (unique records)						(220,868)	
					(2) Projected 2002-03 Unsecured Value Reduction (2000 & 2001 records)						(639,976)	
Component Area 2												
					Total Secured Reductions (all filings)			503,740	190,000	115,000	(55,168)	
					Total Unsecured Reductions (all filings)			0	916,548	0	0	
					Projected 2001-02 Tax Refund						(562)	
					(1) Projected 2002-03 Secured Value Reduction (unique records)						(56,168)	
					(2) Projected 2002-03 Unsecured Value Reduction (2000 & 2001 records)						0	
Component Area 3												
					Total Secured Reductions (all filings)			123,375,478	69,339,695	69,144,976	(14,878,040)	
					Total Unsecured Reductions (all filings)			371,476,817	196,489,930	217,054,498	(14,101,384)	
					Projected 2001-02 Tax Refund						(289,794)	
					(1) Projected 2002-03 Secured Value Reduction (unique records)						(4,697,118)	
					(2) Projected 2002-03 Unsecured Value Reduction (2000 & 2001 records)						(363,929)	
Component Area 4												
					Total Secured Reductions (all filings)			23,721,706	11,312,285	12,798,234	(3,300,470)	
					Total Unsecured Reductions (all filings)			1,294,998	469,291	1,074,848	(220,150)	
					Projected 2001-02 Tax Refund						(35,206)	
					(1) Projected 2002-03 Secured Value Reduction (unique records)						(2,256,619)	
					(2) Projected 2002-03 Unsecured Value Reduction (2000 & 2001 records)						(220,150)	
Merged Project Total												
					Total Secured Reductions (all filings)			171,018,065	105,266,980	83,609,010	(18,672,083)	
					Total Unsecured Reductions (all filings)			376,536,378	199,892,857	221,253,934	(14,961,509)	
					Projected 2001-02 Tax Refund						(336,336)	
					(1) Projected 2002-03 Secured Value Reduction (unique records)						(7,230,773)	
					(2) Projected 2002-03 Unsecured Value Reduction (2000 & 2001 records)						(1,224,054)	

Exhibit B

Exhibit B

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Exhibit B

Table 4

Receipts to Levy Analysis

Component Areas 1, 2, 3 and 4

Culver City Redevelopment Agency

	(1) 1996-97	(1) 1997-98	(1) 1998-99	(1) 1999-00	(4) Merged Project 2000-01
I. Reported Assessed Value:					
Secured (2)	1,425,361,326	1,449,898,685	1,500,702,992	1,616,801,238	2,008,377,394
Unsecured (2)	221,685,728	237,787,755	272,885,045	280,597,993	367,472,912
II. Total Project Value	1,647,047,054	1,687,686,440	1,773,588,037	1,897,399,231	2,375,850,306
Less Base Value (2)	235,871,675	235,871,675	235,871,675	235,871,675	543,495,579
Incremental Value	1,411,175,379	1,451,814,765	1,537,716,362	1,661,527,556	1,832,354,727
Averaged Tax Rate	1.0124176%	1.0125990%	1.0122228%	1.0120130%	1.0115989%
III. Gross Tax Increment	14,286,943	14,701,000	15,565,040	16,814,812	18,536,048
Unitary Tax Revenue	429,724	438,606	441,974	439,493	418,581
Total Computed Levy	14,716,667	15,139,606	16,007,014	17,254,304	18,954,630
IV. Tax Allocation (3):					
Secured Tax Increment	12,289,757	12,837,046	13,339,808	14,471,389	15,760,549
Unsecured Tax Increment	1,285,413	1,523,853	1,937,351	2,124,740	2,640,566
Unitary Tax Revenue	429,724	438,606	441,974	438,669	418,581
Total Annual Tax Increment	14,004,893	14,799,505	15,719,133	17,034,798	18,819,697
Variance From Computed Levy	(711,773)	(340,102)	(287,881)	(219,506)	(134,933)
V. % Delinquency	-4.84%	-2.25%	-1.80%	-1.27%	-0.71%

(1) Exclusive of Component Area 4.

(2) Amounts shown are as reported by the Los Angeles County Auditor-Controller in August of each fiscal year.

(3) Source: County Auditor-Controller year-end remittance advice summaries. Amounts represent the annual tax increment revenues allocable to the Agency and do not include administrative fees, supplemental taxes, prior year redemption payments, tax refunds, adjustments by the County Auditor-Controller and pass through payments.

(4) Includes Component Area 4 allocations.

Table 5

Projected New Development - Real Property Value Added
Component Areas 1, 2, 3 & 4
Culver City Redevelopment Agency
(000's Omitted)

RP	S or U Tax Roll	Description	Status	Scope	Unit Value	Total Value (000's)	Less Existing Value	Projected Value Added	2002-03	2003-04	2004-05	2005-06
1	RP1	S	The Kitchen Store - Office/Warehouse	Building plan check	3,550	70	250	0	0	250	0	0
2	RP1	U	The Kitchen Store - TI	Building plan check	3,550	10	36	36	0	36	0	0
3	RP1	S	Eller Media Billboard - 2 Boards	Complete	0	0	50	50	50	0	0	0
4	RP1	S	Fox Hills Mall - Parking Structures	Conceptual plan appr'd	1,443	7,000	10,101	10,101	0	0	2,020	8,081
5	RP1	U	Finch Line - TI	Construction complete	23,097	19	450	450	450	0	0	0
6	RP1	U	Diversified Data Design Corp - TI	Under construction	12,731	19	242	242	0	242	0	0
7	RP1	U	Century Housing Corp - TI	Under construction	0	0	600	600	0	600	0	0
8	RP2	S	Millman Renovation & Tenant Imps	Complete 11/17/2000	0	0	556	556	556	0	0	0
9	RP2	S	Millman Renovation & Façade Imps	Complete 03/22/2001	24,092	13	317	317	317	0	0	0
10	RP2	U	CarsDirect.com - TI	Complete	32,000	29	929	929	929	0	0	0
11	RP2	U	Guess Building - TI & Mezzanine	Complete 8/9/01	3,326	54	180	180	180	0	0	0
12	RP2	U	StockJungle.com - TI	Complete 8/9/01	25,000	15	375	375	375	0	0	0
13	RP2	S	Target - Garden Center	Complete 04/12/2001	6,784	37	250	250	250	0	0	0
14	RP2	S	Lee Group - Block Wall	Construction complete	0	0	400	400	400	0	0	0
15	RP2	U	Computer Associates - TI	Complete 05/12/00	0	0	313	313	313	0	0	0
16	RP2	U	Renkow Building - TI	Under construction	15,950	28	450	450	0	450	0	0
17	RP3	S	Goodyear - Retail & Auto Svc	Under construction	8,210	37	300	300	0	300	0	0
18	RP3	U	Goodyear - TI	Under construction	8,210	10	82	82	0	82	0	0
19	RP3	S	Capital Lighting - Office & Warehouse	Complete 10/20/2000	9,888	38	380	380	380	0	0	0
20	RP3	U	Capital Lighting - TI	Complete 10/20/2000	9,888	10	99	99	99	0	0	0
21	RP3	S	Continental Air Conditioning - Expansion	Complete 10/11/2000	5,295	68	360	360	360	0	0	0
22	RP3	S	Rafalian Building - Renovation	TCO 12/13/01	13,390	32	424	424	424	0	0	0
23	RP3	U	Commercial building - TI	Complete 11/16/00	0	0	60	60	60	0	0	0
24	RP3	U	Commercial building - Façade Imps	Complete 11/16/00	6,350	11	70	70	70	0	0	0
25	RP3	U	Commercial building - TI	Complete 11/16/00	4,000	30	120	120	120	0	0	0
26	RP3	S	Win building - Façade Imps	Complete 6/12/01	14,092	6	80	80	80	0	0	0
27	RP3	U	Win building - TI	Complete 6/12/01	7,000	13	93	93	93	0	0	0
28	RP3	S	Better Business Bureau - Façade & TI	Under construction	4,700	32	150	150	0	150	0	0
29	RP3	S	Red Sea restaurant - Façade & TI	Complete 11/17/00	3,182	37	118	118	118	0	0	0
30	RP3	S	Harel building - Façade & TI	Complete 11/17/00	900	39	35	35	35	0	0	0
31	RP3	S	Harel building - Façade & TI	Complete 11/17/00	1,200	21	26	26	26	0	0	0
32	RP3	S	Harel building - Façade & TI	Complete 11/17/00	1,343	52	70	70	70	0	0	0
33	RP3	S	Glasser Auto - Façade & TI	Complete 04/12/2001	0	0	95	95	95	0	0	0
34	RP3	S	Econo Lube n Tune - Auto Svc	Project on hold	2,300	63	145	145	0	0	145	0
35	RP3	U	Econo Lube n Tune - TI	Project on hold	2,300	10	23	23	0	0	23	0

Exhibit B

Table 5

Projected New Development - Real Property Value Added
Component Areas 1, 2, 3 & 4
Culver City Redevelopment Agency
(000's Omitted)

RP	Tax Roll	S or U	Description	Status	Scope	Unit Value	Total Value (000's)	Less Existing Value	Projected Value Added	Exhibit B			
										2002-03	2003-04	2004-05	2005-06
36	RP3	S	Stealth Building - New Bldg	Complete 09/05/01	69,147	107	7,370	0	7,370	7,370	0	0	0
37	RP3	U	Stealth Building - TI	Complete 09/05/01	69,147	10	691	0	691	691	0	0	0
38	RP3	U	Ogilvy & Mather - TI	Complete 5/22/01	27,241	30	818	0	818	818	0	0	0
39	RP3	S	Parking structure (3 levels)	Complete 09/05/01	135,150	47	6,298	0	6,298	6,298	0	0	0
40	RP3	S	Parking structure (4th level)	Complete 09/05/01	43,479	47	2,026	0	2,026	2,026	0	0	0
41	RP3	U	Callas Shortridge Architects - TI	Complete 06/27/2000	4,000	9	35	0	35	35	0	0	0
42	RP3	U	PMI Building - TI	Under construction	25,600	15	375	0	375	0	375	0	0
43	RP3	U	PMI Building - TI & Mezzanine	Complete 07/26/01	6,051	26	159	0	159	159	0	0	0
44	RP3	S	HSI Productions - Renovation	Complete 03/23/2001	16,132	43	700	0	700	700	0	0	0
45	RP3	S	Nankin Building - Renovation	Complete 06/11/01	30,000	20	600	0	600	600	0	0	0
46	RP3	U	Nankin Building - TI	Complete 06/11/01	40,000	30	1,200	0	1,200	1,200	0	0	0
47	RP3	S	Nankin Building - Renovation	Complete 06/11/01	30,000	13	400	0	400	400	0	0	0
48	RP3	U	Nankin Building - TI	Complete 06/11/01	10,000	30	300	0	300	300	0	0	0
49	RP3	U	Nankin Building - TI & Mezzanine	Complete 06/11/01	4,987	48	240	0	240	240	0	0	0
50	RP3	S	Hayden Place - Renovation	Complete 08/25/2000	11,500	19	215	0	215	215	0	0	0
51	RP3	S	TONOS - Renovation	Complete 03/17/2000	7,028	15	106	0	106	106	0	0	0
52	RP3	S	Inspired Ventures - Expansion	Under construction	9,217	35	325	0	325	0	325	0	0
53	RP3	S	Inspired Ventures - Parking Structure	Under construction	41,032	12	475	0	475	0	475	0	0
54	RP3	S	Miller Honda - Showroom & Auto Svc	TCO 10/31/01	51,132	49	2,500	0	2,500	2,500	0	0	0
55	RP3	U	Miller Honda - TI	TCO 10/31/01	51,132	10	511	0	511	511	0	0	0
56	RP3	S	Residential Condominium Project	Plan check	5	160,000	800	0	800	0	800	0	0
57	RP3	S	Westside Walk - Best Buy & Other Retail	Complete 10/12/2000	50,779	50	2,560	0	2,560	2,560	0	0	0
58	RP3	U	Westside Walk - TI	Complete 10/12/2000	50,779	10	508	(323)	2,237	2,237	0	0	0
59	RP3	S	Town Plaza Retail - Trader Joes	DDA approved	9,894	45	441	0	508	508	0	0	0
60	RP3	U	Town Plaza Retail - TI	DDA approved	9,894	10	99	0	441	0	0	441	0
61	RP3	S	Town Plaza Theater Pl (12 screens) & Café	DDA approved	9,894	78	3,515	0	99	0	0	99	0
62	RP3	U	Lynch Entertainment - TI	Complete 09/14/00	45,335	0	0	0	3,515	0	0	3,515	0
63	RP3	U	XAP - TI	Complete 05/22/01	0	0	271	0	271	271	0	0	0
64	RP3	U	MusicPlex - TI	Construction complete	0	0	400	0	400	400	0	0	0
65	RP3	S	Welk Group - Remodel	Construction complete	14,313	27	380	0	380	380	0	0	0
66	RP3	U	IKL-Live - TI	Construction complete	23,231	24	554	0	554	554	0	0	0
67	RP3	S	Jefferson Regal Building - TI	Construction complete	16,000	25	400	0	400	400	0	0	0
68	RP3	S	Rafalian Building - TI	Complete 08/08/00	0	0	300	0	300	300	0	0	0
69	RP3	S	Strouds - TI	Complete 12/18/01	0	0	266	0	266	266	0	0	0
70	RP3	U	VWCOT Architects - TI	Complete 01/26/01	0	0	287	0	287	287	0	0	0
71	RP3	S	Beehive - TI	Complete 06/12/01	9,227	43	392	0	392	392	0	0	0
72	RP3	S	Sony Pictures - Addition	Complete 06/12/01	0	0	306	0	306	306	0	0	0
				Under construction	18,785	19	350	0	350	0	350	0	0

Table 5

Projected New Development - Real Property Value Added
Component Areas 1, 2, 3 & 4
Culver City Redevelopment Agency
(000's Omitted)

RP	S or U Tax Roll	Description	Status	Scope	Unit Value	Total Value (000's)	Less Existing Value	Projected Value Added	2002-03	2003-04	2004-05	2005-06
73	RP3	S	Sony Pictures - Theater Remodel	Complete 01/02/01	0	500	0	500	500	0	0	0
74	RP3	S	Sony Pictures Bldgs A & B - TI	Under construction	0	3,443	0	3,443	0	3,443	0	0
75	RP3	S	Sony Pictures Bldgs S-9 - TI	Under construction	0	468	0	468	0	468	0	0
76	RP3	S	Sony Pictures - Bldg Conversion	Complete 11/01/01	0	1,200	0	1,200	1,200	0	0	0
77	RP3	S	Smashbox Studio - TI	Under construction	15,590	275	0	275	0	275	0	0
78	RP3	S	Freddi's China Closet - Warehouse Exp	Under construction	18,390	266	0	266	0	266	0	0
79	RP4	S	Costco Wholesale	Complete	139,357	6,355	0	6,355	6,355	0	0	0
80	RP4	S	Costco Wholesale - Gas Station	Complete	2,240	400	0	400	400	0	0	0
81	RP4	S	Hollywood Video	Complete	6,400	277	0	277	277	0	0	0
82	RP4	U	Hollywood Video - TI	Complete	6,400	64	0	64	64	0	0	0
83	RP4	S	E Z Lube	Complete 12/17/99	2,728	99	0	99	99	0	0	0
84	RP4	U	E Z Lube - TI	Complete 12/17/99	2,728	27	0	27	27	0	0	0
85	RP4	S	In-N-Out Burger	Complete	3,182	300	0	300	300	0	0	0
86	RP4	U	In-N-Out Burger - TI	Complete	3,182	80	0	80	80	0	0	0
87	RP4	S	Albertson Market	Complete 1/26/00	60,123	3,615	0	3,615	3,615	0	0	0
88	RP4	U	Albertson Market - TI	Complete 1/26/00	60,123	902	0	902	902	0	0	0
89	RP4	S	Starbucks, GNC, Athletes' Foot	Complete	8,480	315	0	315	315	0	0	0
90	RP4	U	Starbucks, GNC, Athletes' Foot - TI	Complete	8,480	85	0	85	85	0	0	0
91	RP4	S	Culver City Self Storage - 6 Bldgs	Complete 03/15/01	119,577	3,545	0	3,545	3,545	0	0	0
92	RP4	S	Palmer Dental Building - Office	Complete 07/05/2000	9,802	879	0	879	879	0	0	0
93	RP4	U	Palmer Dental Building - TI	Complete	2,941	100	0	100	100	0	0	0
94	RP4	S	SoCal Nursery Site - Retail	Complete 07/26/01	6,583	335	0	335	335	0	0	0
95	RP4	U	SoCal Nursery Site - TI	Complete 07/26/01	6,583	66	0	66	66	0	0	0
96	RP4	S	Retail Building	Plan check	2,135	160	0	160	0	160	0	0
97	RP4	U	Retail Building - TI	Plan check	2,135	21	0	21	0	21	0	0
98	RP4	S	Petco Expansion	Under construction	15,200	634	0	634	0	634	0	0
99	RP4	S	New Mediabator - Renovation	Construction complete	24,000	120	0	120	120	0	0	0
100	RP4	U	HOK - TI	Construction complete	24,000	400	0	400	400	0	0	0
101	RP4	S	Beacon Laundry Bldg - Expansion	Under construction	35,963	1,400	0	1,400	0	1,400	0	0
102	RP4	U	La Dijonaise - TI	Complete 10/26/00	2,908	75	0	75	75	0	0	0
103	RP4	S	99 Cents Only Store - Conversion	Complete	0	420	0	420	420	0	0	0
104	RP4	S	Jefferson Investment - Exterior Imps	Under construction	0	600	0	600	0	600	0	0
105	RP4	U	Jefferson Properties Co - Façade & TI	Under construction	0	500	0	500	0	500	0	0

Exhibit B

Table 5

Projected New Development - Real Property Value Added
Component Areas 1, 2, 3 & 4
Culver City Redevelopment Agency
(000's Omitted)

S or U Tax RP Roll	Description	Status	Scope	Unit Value	Total Value (000's)	Less Existing Value	Projected Value Added	2002-03	2003-04	2004-05	2005-06
	<u>Real Property Value Added:</u>										
	Component Area 1				10,401	0	10,401	50	250	2,020	8,081
	Component Area 2				1,523	0	1,523	1,523	0	0	0
	Component Area 3				38,799	(323)	38,476	27,523	6,852	4,101	0
	Component Area 4				19,454	0	19,454	16,660	2,794	0	0
	Total Real Property Value Added				70,176	(323)	69,853	45,756	9,896	6,121	8,081
	<u>Personal Property Value Added:</u>										
	Component Area 1				1,328	0	1,328	450	878	0	0
	Component Area 2				2,247	0	2,247	1,797	450	0	0
	Component Area 3				7,257	0	7,257	6,678	457	122	0
	Component Area 4				2,320	0	2,320	1,798	521	0	0
	Total Personal Property Value Added				13,151	0	13,151	10,723	2,306	122	0

Exhibit B

Table 6

Tax Increment Revenue Projection
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency
(000's Omitted)

Reported	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
I. Real Property Value											
Appeal Value Change (Table 3)	2,110,656	2,110,556	2,191,249	2,244,970	2,295,990	2,349,991	2,396,991	2,444,930	2,493,829	2,543,706	2,594,580
Prop 13 Inflationary Growth	0	(7,231)	0	0	0	0	0	0	0	0	0
New Development Value Added (Table 5)	0	42,068	43,825	44,899	45,920	47,000	47,940	48,899	49,877	50,874	51,892
Total Real Property Value	2,110,656	2,191,249	2,244,970	2,295,990	2,349,991	2,396,991	2,444,930	2,493,829	2,543,706	2,594,580	2,646,471
II. Personal Property											
Appeal Value Change (Table 3)	420,312	420,312	429,811	432,117	432,239	432,239	432,239	432,239	432,239	432,239	432,239
New Development Value Added (Table 5)	0	(1,224)	0	0	0	0	0	0	0	0	0
Total Personal Property Value	420,312	429,811	432,117	432,239	432,239	432,239	432,239	432,239	432,239	432,239	432,239
III. Total Project Value											
Less Base Value	2,530,968	2,621,060	2,677,087	2,728,229	2,782,230	2,829,230	2,877,169	2,926,068	2,975,945	3,026,819	3,078,710
Incremental Value	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)
	1,987,487	2,077,579	2,133,606	2,184,749	2,238,749	2,285,749	2,333,689	2,382,587	2,432,464	2,483,338	2,535,230
IV. Gross Tax Revenue											
Unitary Tax Revenue	20,525	21,309	21,884	22,409	22,962	23,445	23,936	24,438	24,949	25,471	26,003
County Admin Charge	430	430	430	430	430	430	430	430	430	430	430
Appeal Tax Refunds (Table 3)	(395)	(419)	(430)	(440)	(450)	(460)	(469)	(479)	(488)	(498)	(509)
Statutory Pass Through ⁽¹⁾	(336)	0	0	0	0	0	0	0	0	0	0
Subtotal - Tax Increment Revenue	(128)	(174)	(195)	(296)	(403)	(495)	(590)	(699)	(810)	(923)	(1,039)
	20,096	21,147	21,690	22,103	22,540	22,920	23,308	23,691	24,081	24,480	24,886
Tax Increment at 20%	4,019	4,229	4,338	4,421	4,508	4,584	4,662	4,738	4,816	4,896	4,977
Housing Bond Debt Service	(622)	(653)	(653)	(652)	(653)	(652)	(652)	(652)	(652)	(652)	(652)
Annual Net Housing Set Aside	3,397	3,577	3,685	3,768	3,855	3,932	4,009	4,086	4,164	4,244	4,325
V. Net Tax Increment After Housing	16,699	17,570	18,004	18,335	18,684	18,988	19,299	19,605	19,917	20,236	20,561

(1) For Component Area 2, the tax sharing with Culver City Unified School District is subordinate to Agency bond debt. Therefore, the tax sharing allocation is not incorporated in this projection. The Area 2 statutory pass through calculation excludes 24.31% representing the Culver City USD.

Table 6

Tax Increment Revenue Projection
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency
(000's Omitted)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
I. Real Property Value											
Appeal Value Change (Table 3)	2,646,471	2,699,401	2,753,389	2,808,457	2,864,626	2,921,918	2,980,357	3,039,964	3,100,763	1,801,595	1,837,627
Prop 13 Inflationary Growth	0	0	0	0	0	0	0	0	0	0	0
New Development Value Added (Table 5)	52,929	53,988	55,068	56,169	57,293	58,438	59,607	60,799	62,015	36,032	36,753
Total Real Property Value	2,699,401	2,753,389	2,808,457	2,864,626	2,921,918	2,980,357	3,039,964	3,100,763	3,162,778	1,837,627	1,874,380
II. Personal Property											
Appeal Value Change (Table 3)	432,239	432,239	432,239	432,239	432,239	432,239	432,239	432,239	432,239	310,221	310,221
New Development Value Added (Table 5)	0	0	0	0	0	0	0	0	0	0	0
Total Personal Property Value	432,239	432,239	432,239	432,239	432,239	432,239	432,239	432,239	432,239	310,221	310,221
III. Total Project Value											
Less Base Value	3,131,640	3,185,628	3,240,695	3,296,865	3,354,157	3,412,595	3,472,203	3,533,002	3,595,017	2,147,848	2,184,601
Incremental Value	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)	(543,481)	(475,753)	(475,753)
IV. Gross Tax Revenue											
Unitary Tax Revenue	26,546	27,100	27,665	28,241	28,829	29,428	30,039	30,663	31,299	17,148	17,525
County Admin Charge	430	430	430	430	430	430	430	430	430	311	311
Appeal Tax Refunds (Table 3)	(519)	(530)	(541)	(552)	(563)	(574)	(586)	(598)	(610)	(337)	(344)
Statutory Pass Through (1)	0	0	0	0	0	0	0	0	0	0	0
Subtotal - Tax Increment Revenue	(1,157)	(1,278)	(1,477)	(1,680)	(1,887)	(2,099)	(2,315)	(2,535)	(2,759)	(1,879)	(2,018)
Tax Increment at 20%	25,300	25,723	26,078	26,440	26,809	27,185	27,569	27,961	28,360	15,243	15,474
Housing Bond Debt Service	5,060	5,145	5,216	5,288	5,362	5,437	5,514	5,592	5,672	3,049	3,095
Annual Net Housing Set Aside	(652)	(653)	(652)	(653)	(652)	(652)	(652)	(652)	(652)	(380)	(381)
V. Net Tax Increment After Housing	4,408	4,492	4,563	4,635	4,709	4,785	4,861	4,940	5,020	2,668	2,714
	20,892	21,231	21,514	21,804	22,100	22,400	22,708	23,021	23,341	12,575	12,760

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Table 6
Tax Increment Revenue Projection
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency
(000's Omitted)

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
I. Real Property Value											
Appeal Value Change (Table 3)	1,874,380	1,911,867	523,976	534,455	545,144	556,047	567,168	578,512	590,082	601,883	613,921
Prop 13 Inflationary Growth	0	0	0	0	0	0	0	0	0	0	0
New Development Value Added (Table 5)	37,488	38,237	10,480	10,889	10,903	11,121	11,343	11,570	11,802	12,038	12,278
Total Real Property Value	1,911,867	1,950,105	534,455	545,144	556,047	567,168	578,512	590,082	601,883	613,921	626,200
II. Personal Property											
Appeal Value Change (Table 3)	310,221	310,221	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980
New Development Value Added (Table 5)	0	0	0	0	0	0	0	0	0	0	0
Total Personal Property Value	310,221	310,221	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980
III. Total Project Value											
Less Base Value	2,222,088	2,260,326	591,435	602,124	613,027	624,148	635,491	647,062	658,863	670,901	683,179
Incremental Value	(475,753)	(475,753)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)
	1,746,335	1,784,573	283,811	294,500	305,403	316,524	327,868	339,438	351,239	363,277	375,556
IV. Gross Tax Revenue											
Unitary Tax Revenue	17,909	18,302	2,911	3,021	3,133	3,247	3,363	3,482	3,603	3,726	3,852
County Admin Charge	311	311	0	0	0	0	0	0	0	0	0
Appeal Tax Refunds (Table 3)	(352)	(359)	(55)	(57)	(59)	(61)	(63)	(65)	(68)	(70)	(72)
Statutory Pass Through ⁽¹⁾	0	0	0	0	0	0	0	0	0	0	0
Subtotal - Tax Increment Revenue	(2,159)	(2,303)	(858)	(899)	(940)	(995)	(1,051)	(1,108)	(1,166)	(1,225)	(1,285)
	15,710	15,950	1,998	2,065	2,134	2,191	2,249	2,309	2,370	2,432	2,495
Tax Increment at 20%	3,142	3,190	400	413	427	438	450	462	474	486	499
Housing Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0
Annual Net Housing Set Aside	3,142	3,190	400	413	427	438	450	462	474	486	499
V. Net Tax Increment After Housing	12,568	12,760	1,599	1,652	1,707	1,753	1,800	1,847	1,896	1,945	1,996

(1) For Component Area 2, the tax sharing with Culver City Unified School District is subordinate to Agency bond debt. Therefore, the tax sharing allocation is not incorporated in this projection. The Area 2 statutory pass through calculation excludes 24.31% representing the Culver City USD.

Table 6

**Tax Increment Revenue Projection
Component Areas 1, 2, 3 and 4
Culver City Redevelopment Agency
(000's Omitted)**

	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43
I. Real Property Value									
Appeal Value Change (Table 3)	626,200	638,724	651,498	664,528	677,819	691,375	705,202	719,306	733,693
Prop 13 Inflationary Growth	0	0	0	0	0	0	0	0	0
New Development Value Added (Table 5)	12,524	12,774	13,030	13,291	13,556	13,827	14,104	14,386	14,674
Total Real Property Value	638,724	651,498	664,528	677,819	691,375	705,202	719,306	733,693	748,366
II. Personal Property									
Appeal Value Change (Table 3)	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980
New Development Value Added (Table 5)	0	0	0	0	0	0	0	0	0
Total Personal Property Value	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980
III. Total Project Value									
Less Base Value	695,703	708,478	721,508	734,798	748,355	762,182	776,286	790,672	805,346
Incremental Value	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)
IV. Gross Tax Revenue									
Unitary Tax Revenue	3,981	4,112	4,246	4,382	4,521	4,663	4,807	4,955	5,106
County Admin Charge	0	0	0	0	0	0	0	0	0
Appeal Tax Refunds (Table 3)	(75)	(77)	(80)	(82)	(85)	(88)	(90)	(93)	(96)
Statutory Pass Through (1)	0	0	0	0	0	0	0	0	0
Subtotal - Tax Increment Revenue	(1,347)	(1,410)	(1,474)	(1,540)	(1,606)	(1,674)	(1,744)	(1,815)	(1,887)
Tax Increment at 20%	2,559	2,625	2,692	2,760	2,830	2,901	2,973	3,047	3,123
Housing Bond Debt Service	512	525	538	552	566	580	595	609	625
Annual Net Housing Set Aside	0	0	0	0	0	0	0	0	0
V. Net Tax Increment After Housing	512	525	538	552	566	580	595	609	625
	2,047	2,100	2,153	2,208	2,264	2,321	2,379	2,438	2,498

(1) For Component Area 2, the tax sharing with Culver City Unified School District is subordinate to Agency bond debt. Therefore, the tax sharing allocation is not incorporated in this projection. The Area 2 statutory pass through calculation excludes 24.31% representing the Culver City USD.

Exhibit B

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Appendix to Table 1

Exhibit B

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Appendix Table 1-1

Historic Project Area Assessed Values
Component Area 1
Culver City Redevelopment Agency

	1996-97	1997-98	% Chg	1998-99	% Chg	1999-2000	% Chg	2000-01	% Chg	2001-02	% Chg	Avg % Chg
I. Secured:												
Land	146,703,133	135,640,131	-7.54%	147,886,857	9.03%	172,766,246	16.82%	179,849,066	4.10%	192,714,932	7.15%	5.91%
Improvements	256,220,813	264,001,426	3.04%	289,078,276	9.50%	325,335,949	12.54%	344,136,429	5.78%	362,750,079	5.41%	7.25%
Personal Property	1,705,157	1,643,263	-3.63%	2,193,384	33.48%	2,087,553	-4.83%	1,396,589	-33.10%	1,176,679	-15.75%	-4.76%
Exemptions	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
Total Secured	404,629,103	401,284,820	-0.83%	439,158,517	9.44%	500,189,748	13.90%	525,382,084	5.04%	556,641,690	5.95%	6.70%
II. Utilities:												
Land	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
Improvements	9,260	9,260	0.00%	0	-100.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
Personal Property	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	-20.00%
Exemptions	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
Total Utilities	9,260	9,260	0.00%	0	-100.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
III. Unsecured:												
Land	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	-20.00%
Improvements	17,665,443	16,386,151	-7.24%	19,413,793	18.48%	19,053,092	-1.86%	17,443,203	-8.45%	24,668,920	41.42%	0.00%
Personal Property	39,355,282	40,212,802	2.18%	49,144,327	22.21%	61,517,869	25.18%	65,248,599	6.06%	72,094,908	10.49%	8.47%
Exemptions	168,000	335,300	99.58%	292,000	-12.91%	301,000	3.08%	305,000	1.33%	358,000	17.38%	13.22%
Total Unsecured	56,852,725	56,263,653	-1.04%	68,266,120	21.33%	80,269,961	17.58%	82,386,802	2.64%	96,405,828	17.02%	21.69%
IV. Project Value:												
Land	146,703,133	135,640,131	-7.54%	147,886,857	9.03%	172,766,246	16.82%	179,849,066	4.10%	192,714,932	7.15%	5.91%
Improvements	273,895,516	280,396,837	2.37%	308,492,069	10.02%	344,389,041	11.64%	361,579,632	4.99%	387,418,999	7.15%	7.23%
Personal Property	41,060,439	41,856,065	1.94%	51,337,711	22.65%	63,605,422	23.90%	66,645,188	4.78%	73,271,587	9.94%	12.64%
Exemptions	168,000	335,300	99.58%	292,000	-12.91%	301,000	3.08%	305,000	1.33%	358,000	17.38%	21.69%
Total Project	461,491,088	457,557,733	-0.85%	507,424,637	10.90%	580,459,709	14.39%	607,768,886	4.70%	653,047,518	7.45%	7.32%

Exhibit B

Appendix Table 1-2
Historic Project Area Assessed Values
Component Area 2
Culver City Redevelopment Agency

Exhibit B

	1996-97	1997-98	% Chg	1998-99	% Chg	1999-2000	% Chg	2000-01	% Chg	2001-02	% Chg	Avg % Chg
I. Secured:												
Land	123,029,871	119,878,440	-2.56%	118,936,776	-0.79%	124,349,868	4.55%	136,183,320	9.52%	152,675,104	12.11%	4.57%
Improvements	207,528,159	202,200,492	-2.57%	197,992,605	-2.08%	205,920,403	4.00%	217,841,208	5.79%	223,914,585	2.79%	1.59%
Personal Property	64,024	64,124	0.16%	64,024	-0.16%	53,738	-16.07%	50,747	-5.57%	27,690	-45.44%	-13.41%
Exemptions	12,006,115	12,081,933	0.63%	12,915,010	6.90%	13,152,715	1.84%	12,897,689	-1.94%	8,570,871	-33.55%	-5.22%
Total Secured	318,615,939	310,061,123	-2.68%	304,078,395	-1.93%	317,171,294	4.31%	341,177,586	7.57%	368,046,508	7.88%	3.03%
II. Utilities:												
Land	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
Improvements	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
Personal Property	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
Exemptions	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
Total Utilities	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
III. Unsecured:												
Land	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
Improvements	4,560,126	4,336,280	-4.91%	4,792,808	10.53%	4,263,652	-11.04%	4,731,284	10.97%	5,199,583	9.90%	3.09%
Personal Property	7,114,943	7,470,838	5.00%	7,860,117	5.21%	8,577,349	9.12%	16,747,763	95.26%	16,273,443	-2.83%	22.35%
Exemptions	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0.00%
Total Unsecured	11,675,069	11,807,118	1.13%	12,652,925	7.16%	12,841,001	1.49%	21,479,047	67.27%	21,473,026	-0.03%	15.40%
IV. Project Value:												
Land	123,029,871	119,878,440	-2.56%	118,936,776	-0.79%	124,349,868	4.55%	136,183,320	9.52%	152,675,104	12.11%	4.57%
Improvements	212,068,285	206,536,772	-2.62%	202,785,413	-1.82%	210,184,055	3.65%	222,572,492	5.89%	229,114,168	2.94%	1.61%
Personal Property	7,178,967	7,534,962	4.96%	7,924,141	5.16%	8,631,087	8.92%	16,798,510	94.63%	16,301,133	-2.96%	22.14%
Exemptions	12,006,115	12,081,933	0.63%	12,915,010	6.90%	13,152,715	1.84%	12,897,689	-1.94%	8,570,871	-33.55%	-5.22%
Total Project	330,291,008	321,868,241	-2.55%	316,731,320	-1.60%	330,012,295	4.19%	362,656,633	9.89%	389,519,534	7.41%	3.47%

Appendix Table 6-1

Tax Increment Revenue Projection
Component Area 1 - Slauson/Sepulveda
Culver City Redevelopment Agency
(000's Omitted)

	42	43	44	45	46	47	48	49	50
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
I. Real Property Value									
Appeal Value Change (Table 3)	688,613	702,385	716,433	730,762	745,377	760,284	775,490	791,000	806,820
Prop 13 Inflationary Growth	0	0	0	0	0	0	0	0	0
New Development Value Added (Table 5)	13,772	14,048	14,329	14,615	14,908	15,206	15,510	15,820	16,136
Total Real Property Value	702,385	716,433	730,762	745,377	760,284	775,490	791,000	806,820	822,956
II. Personal Property									
Appeal Value Change (Table 3)	98,270	98,270	98,270	98,270	98,270	98,270	98,270	98,270	98,270
New Development Value Added (Table 5)	0	0	0	0	0	0	0	0	0
Total Personal Property Value	98,270	98,270	98,270	98,270	98,270	98,270	98,270	98,270	98,270
III. Total Project Value									
Less Base Value	800,655	814,703	829,032	843,647	858,554	873,760	889,270	905,090	921,226
Incremental Value	(45,316)	(45,316)	(45,316)	(45,316)	(45,316)	(45,316)	(45,316)	(45,316)	(45,316)
Assumed Tax Rate	755,340	769,387	783,716	798,331	813,239	828,444	843,954	859,774	875,911
	1.025793%	1.025793%	1.025793%	1.025793%	1.025793%	1.025793%	1.025793%	1.025793%	1.025793%
IV. Gross Tax Revenue									
Unitary Tax Revenue	7,748	7,892	8,039	8,189	8,342	8,498	8,657	8,820	8,985
County Admin Charge at	85	85	85	85	85	85	85	85	85
Appeal Tax Refunds (Table 3)	(149)	(152)	(155)	(157)	(160)	(163)	(166)	(169)	(173)
Statutory Pass Through	0	0	0	0	0	0	0	0	0
Subtotal Tax Increment	(255)	(284)	(338)	(393)	(450)	(507)	(566)	(625)	(686)
	7,429	7,542	7,632	7,724	7,818	7,913	8,011	8,110	8,212
Tax Increment at 20%	1,486	1,508	1,526	1,545	1,564	1,583	1,602	1,622	1,642
Housing Bond Debt Service	(272)	(272)	(272)	(272)	(272)	(272)	(272)	(272)	(272)
Annual Net Housing Set Aside	1,214	1,236	1,255	1,273	1,292	1,311	1,330	1,350	1,371
V. Net Tax Increment After Housing	6,215	6,305	6,377	6,451	6,526	6,602	6,680	6,760	6,841

Appendix Table 6-2
Tax Increment Revenue Projection
Component Area 2 - Overland/Jefferson
Culver City Redevelopment Agency
(000's Omitted)

	Reported 2001-02	32 2002-03	33 2003-04	34 2004-05	35 2005-06	36 2006-07	37 2007-08	38 2008-09	39 2009-10	AB1290 Plan Effectiveness 12-28-2011		
										40 2010-11	41 2011-12	
I. Real Property Value												
Appeal Value Change (Table 3)	368,019	368,019	376,844	384,381	392,069	399,910	407,909	416,067	424,388	432,876	441,533	
Prop 13 Inflationary Growth	0	(56)	0	0	0	0	0	0	0	0	0	
New Development Value Added (Table 5)	0	7,359	7,537	7,688	7,841	7,998	8,158	8,321	8,488	8,658	8,831	
Total Real Property Value	368,019	376,844	384,381	392,069	399,910	407,909	416,067	424,388	432,876	441,533	450,364	
II. Personal Property												
Appeal Value Change (Table 3)	21,501	21,501	23,298	23,748	23,748	23,748	23,748	23,748	23,748	23,748	23,748	
New Development Value Added (Table 5)	0	0	0	0	0	0	0	0	0	0	0	
Total Personal Property Value	21,501	23,298	23,748	23,748	23,748	23,748	23,748	23,748	23,748	23,748	23,748	
III. Total Project Value												
Less Base Value	389,520	400,142	408,129	415,817	423,658	431,656	439,814	448,136	456,624	465,281	474,112	
Incremental Value	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)	
Assumed Tax Rate	367,108	377,730	385,717	393,405	401,246	409,245	417,403	425,724	434,212	442,869	451,700	
	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%	
IV. Gross Tax Revenue												
Unitary Tax Revenue	3,672	3,875	3,957	4,036	4,117	4,199	4,282	4,368	4,455	4,544	4,634	
County Admin Charge at	34	34	34	34	34	34	34	34	34	34	34	
Appeal Tax Refunds (Table 3)	(71)	(76)	(77)	(79)	(80)	(82)	(84)	(85)	(87)	(89)	(90)	
Statutory Pass Through (1)	(1)	0	0	0	0	0	0	0	0	0	0	
Subtotal Tax Increment	3,634	3,833	3,914	3,979	4,046	4,114	4,183	4,254	4,326	4,400	4,475	
Tax Increment at 20%												
Housing Bond Debt Service	727	767	783	796	809	823	837	851	865	880	895	
Annual Net Housing Set Aside	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
V. Net Tax Increment After Housing												
	2,908	3,067	3,131	3,183	3,237	3,291	3,347	3,403	3,461	3,520	3,580	

(1) Tax sharing with Culver City Unified School District is subordinate to Agency bond debt.

Therefore, the tax sharing allocation is not incorporated in this projection.

Statutory pass through calculation excludes the 24.31% representing the Culver City USI

Appendix Table 6-2

Tax Increment Revenue Projection
Component Area 2 - Overland/Jefferson
Culver City Redevelopment Agency
(000's Omitted)

	42	43	44	45	46	47	48	49	50
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
I. Real Property Value									
Appeal Value Change (Table 3)	450,364	459,371	468,559	477,930	487,488	497,238	507,183	517,327	527,673
Prop 13 Inflationary Growth	0	0	0	0	0	0	0	0	0
New Development Value Added (Table 5)	9,007	9,187	9,371	9,559	9,750	9,945	10,144	10,347	10,553
Total Real Property Value	459,371	468,559	477,930	487,488	497,238	507,183	517,327	527,673	538,227
II. Personal Property									
Appeal Value Change (Table 3)	23,748	23,748	23,748	23,748	23,748	23,748	23,748	23,748	23,748
New Development Value Added (Table 5)	0	0	0	0	0	0	0	0	0
Total Personal Property Value	23,748	23,748	23,748	23,748	23,748	23,748	23,748	23,748	23,748
III. Total Project Value									
Less Base Value	483,119	492,306	501,678	511,236	520,986	530,931	541,074	551,421	561,974
Incremental Value	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)	(22,412)
Assumed Tax Rate	460,707	469,895	479,266	488,824	498,574	508,519	518,663	529,009	539,563
	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%	1.025952%
IV. Gross Tax Revenue									
Unitary Tax Revenue	4,727	4,821	4,917	5,015	5,115	5,217	5,321	5,427	5,536
County Admin Charge at	34	34	34	34	34	34	34	34	34
Appeal Tax Refunds (Table 3)	(92)	(94)	(96)	(98)	(100)	(102)	(104)	(106)	(108)
Statutory Pass Through (1)	0	0	0	0	0	0	0	0	0
Subtotal Tax Increment	(116)	(131)	(158)	(185)	(213)	(241)	(270)	(300)	(330)
	4,552	4,630	4,697	4,766	4,837	4,908	4,981	5,056	5,132
Tax Increment at 20%	910	926	939	953	967	982	996	1,011	1,026
Housing Bond Debt Service	NA	NA	NA	NA	NA	NA	NA	NA	NA
Annual Net Housing Set Aside	910	926	939	953	967	982	996	1,011	1,026
V. Net Tax Increment After Housing	3,641	3,704	3,758	3,813	3,869	3,927	3,985	4,045	4,105

(1) Tax sharing with Culver City Unified School District is subordinate to Agency bond debt. Therefore, the tax sharing allocation is not incorporated in this projection. Statutory pass through calculation excludes the 24.31% representing the Culver City US!

Appendix Table 6-3
Tax Increment Revenue Projection
Component Area 3 - Washington/Culver
Culver City Redevelopment Agency
(000's Omitted)

Reported 2001-02	28 2002-03	29 2003-04	30 2004-05	31 2005-06	32 2006-07	33 2007-08	34 2008-09	35 2009-10	36 2010-11	37 2011-12	38 2012-13
I. Real Property Value											
871,651	871,651	911,817	936,905	959,744	978,939	998,517	1,018,488	1,038,858	1,059,635	1,080,827	1,102,444
0	(4,697)	0	0	0	0	0	0	0	0	0	0
0	17,339	18,236	18,738	19,195	19,579	19,970	20,370	20,777	21,193	21,617	22,049
0	27,523	6,852	4,101	0	0	0	0	0	0	0	0
871,651	911,817	936,905	959,744	978,939	998,517	1,018,488	1,038,858	1,059,635	1,080,827	1,102,444	1,124,493
II. Personal Property											
246,348	246,348	252,662	253,119	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241
0	(364)	0	0	0	0	0	0	0	0	0	0
0	6,678	457	122	0	0	0	0	0	0	0	0
246,348	252,662	253,119	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241
III. Total Project Value											
1,118,000	1,164,479	1,190,024	1,212,985	1,232,180	1,251,759	1,271,729	1,292,099	1,312,876	1,334,069	1,355,685	1,377,734
(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)
949,871	996,350	1,021,895	1,044,856	1,064,051	1,083,630	1,103,600	1,123,970	1,144,747	1,165,940	1,187,556	1,209,605
1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%
IV. Gross Tax Revenue											
9,970	10,218	10,480	10,715	10,912	11,113	11,317	11,526	11,739	11,957	12,178	12,405
311	311	311	311	311	311	311	311	311	311	311	311
(193)	(204)	(209)	(214)	(218)	(221)	(225)	(229)	(234)	(238)	(242)	(247)
(290)	0	0	0	0	0	0	0	0	0	0	0
0	0	0	(47)	(86)	(127)	(168)	(209)	(252)	(295)	(340)	(385)
9,798	10,325	10,582	10,765	10,919	11,076	11,236	11,399	11,565	11,735	11,908	12,084
V. Net Tax Increment After Housing											
1,960	2,065	2,116	2,153	2,184	2,215	2,247	2,280	2,313	2,347	2,382	2,417
(350)	(381)	(381)	(380)	(381)	(380)	(381)	(381)	(380)	(380)	(381)	(380)
1,609	1,684	1,736	1,773	1,803	1,835	1,867	1,899	1,933	1,967	2,001	2,036
8,189	8,640	8,846	8,993	9,116	9,241	9,369	9,500	9,632	9,768	9,907	10,048

Appendix Table 6-3

Tax Increment Revenue Projection
Component Area 3 - Washington/Culver
Culver City Redevelopment Agency
(000's Omitted)

	AB1290 Plan										AB1290 Debt		
	Effectiveness 11-24-2015										Repayment 11-24-2025		
	39	40	41	42	43	44	45	46	47	48	49	50	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
I. Real Property Value													
Appeal Value Change (Table 3)	1,124,493	1,146,983	1,169,922	1,193,321	1,217,187	1,241,531	1,266,362	1,291,689	1,317,523	1,343,873	1,370,750	1,398,165	
Prop 13 Inflationary Growth	0	0	0	0	0	0	0	0	0	0	0	0	
New Development Value Added (Table 5)	22,490	22,940	23,398	23,866	24,344	24,831	25,327	25,834	26,350	26,877	27,415	27,963	
Total Real Property Value	1,146,983	1,169,922	1,193,321	1,217,187	1,241,531	1,266,362	1,291,689	1,317,523	1,343,873	1,370,750	1,398,165	1,426,129	
II. Personal Property													
Appeal Value Change (Table 3)	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241	
New Development Value Added (Table 5)	0	0	0	0	0	0	0	0	0	0	0	0	
Total Personal Property Value	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241	253,241	
III. Total Project Value													
Less Base Value	1,400,224	1,423,164	1,446,562	1,470,429	1,494,772	1,519,603	1,544,930	1,570,764	1,597,114	1,623,992	1,651,407	1,679,370	
Incremental Value	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	(168,129)	
Assumed Tax Rate	1,232,095	1,255,034	1,278,433	1,302,299	1,326,643	1,351,474	1,376,801	1,402,635	1,428,985	1,455,863	1,483,278	1,511,241	
	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	1.025501%	
IV. Gross Tax Revenue													
Unitary Tax Revenue	12,635	12,870	13,110	13,355	13,605	13,859	14,119	14,384	14,654	14,930	15,211	15,498	
County Admin Charge at	311	311	311	311	311	311	311	311	311	311	311	311	
Appeal Tax Refunds (Table 3)	(251)	(256)	(260)	(265)	(270)	(275)	(280)	(285)	(290)	(295)	(301)	(306)	
Statutory Pass Through	0	0	0	0	0	0	0	0	0	0	0	0	
Subtotal Tax Increment	(431)	(518)	(606)	(696)	(788)	(882)	(977)	(1,075)	(1,174)	(1,276)	(1,379)	(1,485)	
Tax Increment at 20%	12,264	12,408	12,555	12,705	12,858	13,014	13,173	13,336	13,501	13,670	13,842	14,018	
Housing Bond Debt Service	2,453	2,482	2,511	2,541	2,572	2,603	2,635	2,667	2,700	2,734	2,768	2,804	
Annual Net Housing Set Aside	(381)	(380)	(381)	(380)	(381)	(381)	(380)	(381)	(380)	(381)	0	0	
	2,072	2,101	2,130	2,161	2,191	2,222	2,254	2,286	2,320	2,353	2,768	2,804	
V. Net Tax Increment After Housing													
	10,192	10,307	10,425	10,545	10,667	10,792	10,919	11,049	11,181	11,317	11,074	11,214	

Appendix Table 6-4
Tax Increment Revenue Projection
Component Area 4
Culver City Redevelopment Agency
(000's Omitted)

Reported 2001-02	5 2002-03	6 2003-04	7 2004-05	8 2005-06	9 2006-07	10 2007-08	11 2008-09	12 2009-10	13 2010-11	14 2011-12	15 2012-13
I. Real Property Value											
Appeal Value Change (Table 3)	315,520	336,189	345,707	352,621	359,673	366,867	374,204	381,688	389,322	397,108	405,050
Prop 13 Inflationary Growth	0 (2,257)	0	0	0	0	0	0	0	0	0	0
New Development Value Added (Table 5)	0 6,265	6,724	6,914	7,052	7,193	7,337	7,484	7,634	7,786	7,942	8,101
Total Real Property Value	315,520	345,707	352,621	359,673	366,867	374,204	381,688	389,322	397,108	405,050	413,151
II. Personal Property											
Appeal Value Change (Table 3)	54,880	56,459	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980
New Development Value Added (Table 5)	0 (220)	0	0	0	0	0	0	0	0	0	0
Total Personal Property Value	54,880	56,459	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980
III. Total Project Value											
Less Base Value	370,401	392,647	402,686	409,601	416,653	423,846	431,184	438,668	446,302	454,088	462,030
Incremental Value	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)
Assumed Tax Rate	62,777	85,023	95,063	101,977	108,029	116,223	123,560	131,044	138,678	146,464	154,406
	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%
IV. Gross Tax Revenue											
Unitary Tax Revenue	640	872	975	1,046	1,118	1,192	1,267	1,344	1,423	1,502	1,584
County Admin Charge at -1.88%	0	0	0	0	0	0	0	0	0	0	0
Appeal Tax Refunds (Table 3)	(12)	(16)	(18)	(20)	(21)	(22)	(24)	(25)	(27)	(28)	(31)
Statutory Pass Through	(35)	0	0	0	0	0	0	0	0	0	0
Subtotal Tax Increment	(128)	(174)	(195)	(209)	(224)	(238)	(253)	(282)	(311)	(340)	(401)
	464	681	762	817	874	931	990	1,037	1,085	1,134	1,184
Tax Increment at 20%	93	136	152	163	175	186	198	207	217	227	237
Housing Bond Debt Service	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Annual Net Housing Set Aside	93	136	152	163	175	186	198	207	217	227	237
V. Net Tax Increment After Housing	372	545	609	654	699	745	792	830	868	907	947
											988

Appendix Table 6-4
Tax Increment Revenue Projection
Component Area 4
Culver City Redevelopment Agency
(000's Omitted)

	16	17	18	19	20	21	22	23	24	25	26	27
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
I. Real Property Value												
Appeal Value Change (Table 3)	413,151	421,414	429,843	438,439	447,208	456,152	465,275	474,581	484,073	493,754	503,629	513,702
Prop 13 Inflationary Growth	0	0	0	0	0	0	0	0	0	0	0	0
New Development Value Added (Table 5)	8,263	8,428	8,597	8,769	8,944	9,123	9,306	9,492	9,681	9,875	10,073	10,274
Total Real Property Value	421,414	429,843	438,439	447,208	456,152	465,275	474,581	484,073	493,754	503,629	513,702	523,976
II. Personal Property												
Appeal Value Change (Table 3)	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980
New Development Value Added (Table 5)	0	0	0	0	0	0	0	0	0	0	0	0
Total Personal Property Value	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980
III. Total Project Value												
Less Base Value	478,394	486,823	495,419	504,188	513,132	522,255	531,561	541,053	550,734	560,609	570,682	580,956
Incremental Value	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)
Assumed Tax Rate	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%
IV. Gross Tax Revenue												
Unitary Tax Revenue	1,752	1,838	1,926	2,016	2,108	2,202	2,297	2,394	2,494	2,595	2,698	2,804
County Admin Charge at	0	0	0	0	0	0	0	0	0	0	0	0
Appeal Tax Refunds (Table 3)	(33)	(35)	(36)	(38)	(40)	(41)	(43)	(45)	(47)	(49)	(51)	(53)
Statutory Pass Through	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Tax Increment	(432)	(464)	(496)	(529)	(563)	(597)	(632)	(668)	(705)	(742)	(780)	(819)
Tax Increment at 20%	1,287	1,340	1,394	1,449	1,506	1,563	1,622	1,681	1,742	1,804	1,868	1,932
Housing Bond Debt Service	257	268	279	290	301	313	324	336	348	361	374	386
Annual Net Housing Set Aside	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
V. Net Tax Increment After Housing	257	268	279	290	301	313	324	336	348	361	374	386
	1,030	1,072	1,115	1,159	1,205	1,250	1,297	1,345	1,394	1,443	1,494	1,546

Appendix Table 6-4

Tax Increment Revenue Projection
Component Area 4
Culver City Redevelopment Agency
(000's Omitted)

	AB1290 Plan											
	Effectiveness 11-23-2028											
	28	29	30	31	32	33	34	35	36	37	38	39
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
I. Real Property Value												
Appeal Value Change (Table 3)	523,976	534,455	545,144	556,047	567,168	578,512	590,082	601,883	613,921	626,200	638,724	651,498
Prop 13 Inflationary Growth	0	0	0	0	0	0	0	0	0	0	0	0
New Development Value Added (Table 5)	10,480	10,689	10,903	11,121	11,343	11,570	11,802	12,038	12,278	12,524	12,774	13,030
Total Real Property Value	534,455	545,144	556,047	567,168	578,512	590,082	601,883	613,921	626,200	638,724	651,498	664,528
II. Personal Property												
Appeal Value Change (Table 3)	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980
New Development Value Added (Table 5)	0	0	0	0	0	0	0	0	0	0	0	0
Total Personal Property Value	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980	56,980
III. Total Project Value												
Less Base Value	591,435	602,124	613,027	624,148	635,491	647,062	658,863	670,901	683,179	695,703	708,478	721,508
Incremental Value	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)
Assumed Tax Rate	283,811	294,500	305,403	316,524	327,868	339,438	351,239	363,277	375,556	388,080	400,854	413,884
	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%
IV. Gross Tax Revenue												
Unitary Tax Revenue	2,911	3,021	3,133	3,247	3,363	3,482	3,603	3,726	3,852	3,981	4,112	4,246
County Admin Charge at	0	0	0	0	0	0	0	0	0	0	0	0
Appeal Tax Refunds (Table 3)	(55)	(57)	(59)	(61)	(63)	(65)	(68)	(70)	(72)	(75)	(77)	(80)
Statutory Pass Through	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Tax Increment	(858)	(899)	(940)	(995)	(1,051)	(1,108)	(1,166)	(1,225)	(1,285)	(1,347)	(1,410)	(1,474)
	1,998	2,065	2,134	2,191	2,249	2,309	2,370	2,432	2,495	2,559	2,625	2,692
Tax Increment at 20%	400	413	427	438	450	462	474	486	499	512	525	538
Housing Bond Debt Service	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Annual Net Housing Set Aside	400	413	427	438	450	462	474	486	499	512	525	538
V. Net Tax Increment After Housing	1,599	1,652	1,707	1,753	1,800	1,847	1,896	1,945	1,996	2,047	2,100	2,153

Appendix Table 6-4
Tax Increment Revenue Projection
Component Area 4
Culver City Redevelopment Agency
(000's Omitted)

	40	41	42	43	44	45
	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43
I. Real Property Value						
Appeal Value Change (Table 3)	664,528	677,819	691,375	705,202	719,306	733,693
Prop 13 Inflationary Growth	0	0	0	0	0	0
New Development Value Added (Table 5)	13,291	13,556	13,827	14,104	14,386	14,674
Total Real Property Value	677,819	691,375	705,202	719,306	733,693	748,366
II. Personal Property						
Appeal Value Change (Table 3)	56,980	56,980	56,980	56,980	56,980	56,980
New Development Value Added (Table 5)	0	0	0	0	0	0
Total Personal Property Value	56,980	56,980	56,980	56,980	56,980	56,980
III. Total Project Value						
Less Base Value	734,798	748,355	762,182	776,286	790,672	805,346
Incremental Value	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)	(307,624)
Assumed Tax Rate	427,175	440,731	454,558	468,662	483,049	497,722
	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%	1.025786%
IV. Gross Tax Revenue						
Unitary Tax Revenue	4,382	4,521	4,663	4,807	4,955	5,106
County Admin Charge at	0	0	0	0	0	0
Appeal Tax Refunds (Table 3)	(82)	(85)	(88)	(90)	(93)	(96)
Statutory Pass Through	0	0	0	0	0	0
Subtotal Tax Increment	(1,540)	(1,506)	(1,674)	(1,744)	(1,815)	(1,887)
	2,760	2,830	2,901	2,973	3,047	3,123
Tax Increment at 20%	552	566	580	595	609	625
Housing Bond Debt Service	NA	NA	NA	NA	NA	NA
Annual Net Housing Set Aside	552	566	580	595	609	625
V. Net Tax Increment After Housing	2,208	2,264	2,321	2,379	2,438	2,498

Exhibit B

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Exhibit B

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of a such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
 [LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Issuer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Issuer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

Attest

Assistant Secretary

Exhibit B

Exhibit B

RESOLUTION NO. 2014-R_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, APPROVING A MASTER AGREEMENT REGARDING RETENTION AND EXPENDITURE OF BOND PROCEEDS BETWEEN THE CITY OF CULVER CITY AND THE SUCCESSOR AGENCY TO THE CULVER CITY REDEVELOPMENT AGENCY.

WHEREAS, pursuant to authority granted under the California Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.) (the "CRL"), the former Culver City Redevelopment Agency, a public body, corporate and politic (the "Former CCRA") had the responsibility to implement the amended and restated Redevelopment Plan for the Culver City Redevelopment Project (the "Redevelopment Plan") for an area within the City of Culver City known as the Culver City Redevelopment Project Area (the "Project Area"), which Project Area was duly established by the City Council of the City of Culver City (the "City Council") on November 23, 1998 by Ordinance Nos. 98-014 and 98-015; and,

WHEREAS, pursuant to an Indenture dated as of October 1, 1999, executed by and between the Former CCRA and U.S. Bank, N.A. (the "Trustee") (the "Indenture"), the Former CCRA issued Tax Allocation Refunding Bonds, 1999 Series A, in the principal amount of \$31,940,000 (the "1999 Bonds"). Pursuant to page 6 of the Official Statement for the 1999 Bonds, the 1999 Bonds are required to be used to provide financing for, inter alia, "a wide variety of projects to implement the Redevelopment Plan for the Project Area. Some of the currently contemplated projects include funding the costs of public improvements and public facilities, streetscape and infrastructure improvements, off-street parking facilities and commercial rehabilitation grants"; and,

1 WHEREAS, pursuant to the Indenture, as amended by a First Supplemental
2 Indenture dated as of April 1, 2002, executed by and between the Former CCRA and the
3 Trustee, the Former CCRA issued Tax Allocation Bonds, 2002 Series A, in the principal
4 amount of \$28,280,000 (the "2002 Bonds"). Pursuant to page 3 of the Official Statement for
5 the 2002 Bonds, the 2002 Bonds are required to be used to provide financing for, inter alia, "a
6 wide variety of projects to implement the Redevelopment Plan for the Project Area. Some of
7 the currently contemplated projects include funding the costs of public improvements and
8 public facilities, streetscape and infrastructure improvements, off-street parking facilities and
9 commercial rehabilitation grants"; and,
10

11 WHEREAS, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) (referred to
12 herein as "Dissolution Act") was signed by the Governor of California on June 28, 2011,
13 making certain changes to the CRL and to the California Health and Safety Code ("H&S
14 Code") including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85
15 (commencing with Section 34170) ("Part 1.85") to Division 24 of the H&S Code; and,
16

17 WHEREAS, on December 29, 2011, the California Supreme Court delivered its
18 decision in *California Redevelopment Association v. Matosantos*, finding the Dissolution Act
19 largely constitutional and reformed certain deadlines set forth in the Dissolution Act; and,
20

21 WHEREAS, pursuant to the Dissolution Act, as modified by the California
22 Supreme Court on December 29, 2011 by its decision in *California Redevelopment*
23 *Association v. Matosantos*, all California redevelopment agencies, including the Culver City
24 Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were
25 designated and vested with the responsibility of paying, performing and enforcing the
26 enforceable obligations of the former redevelopment agencies and expeditiously winding
27 down the business and fiscal affairs of the former redevelopment agencies; and,
28

1 WHEREAS, the City Council of the City of Culver City adopted Resolution No.
2 2012-R001 on January 9, 2012, pursuant to Part 1.85 of the Dissolution Act, accepting for the
3 City the role of successor agency to the Former CCRA ("Successor Agency"); and,

4 WHEREAS, on February 6, 2012, the Board of Directors of the Successor
5 Agency, adopted Resolution No. 2012-SA001 naming itself the "Successor Agency to the
6 Culver City Redevelopment Agency", the sole name by which it will exercise its powers and
7 fulfill its duties pursuant to Part 1.85 of the Dissolution Act and establishing itself as a
8 separate legal entity with rules and regulations that will apply to the governance and
9 operations of the Successor Agency; and,

11 WHEREAS, California H & S Code Section 34191.4(c) provides that once a
12 finding of completion ("FOC") has been issued by the California Department of Finance (the
13 "DOF"), a successor agency is authorized to use bond proceeds for the purposes for which
14 the bonds were sold. Such successor agency may designate the use of and commit
15 indebtedness obligation proceeds that were derived from indebtedness issued for
16 redevelopment purposes on or before December 31, 2010 that remain available after the
17 satisfaction of enforceable obligations that have been approved on a Recognized Obligation
18 Payment Schedule and that are consistent with the indebtedness obligation covenants
19 (collectively, the "Bond Proceeds"); and,

21 WHEREAS, the DOF issued an FOC to the Successor Agency on December 5,
22 2013; and,

24 WHEREAS, the Bond Proceeds have been transferred to the City; and,

25 WHEREAS, as of May 31, 2014, the following amounts of Bond Proceeds are
26 available: (i) 1999 Bonds: \$2,772,076 and (ii) 2002 Bonds: \$13,965,558; and,

1 WHEREAS, the City desires to enter into with the Successor Agency a Master
2 Agreement Regarding Retention And Expenditure Of Bond Proceeds ("Master Agreement"),
3 the text of which is attached hereto as Exhibit "A", in order to use the Bond Proceeds for the
4 purposes identified in and consistent with the applicable indebtedness obligation covenants
5 and the requirements of the CRL by providing for the City to retain the transferred Bond
6 Proceeds and to use them for such purposes; and,

7
8 WHEREAS, the activity proposed for approval by this Resolution has been
9 reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"),
10 the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 et seq.,
11 hereafter the "Guidelines"), and the City's environmental evaluation procedures. The activity
12 proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term
13 is defined by Guidelines Section 15378, because the activity is an organizational or
14 administrative activity that will not result in a direct or indirect physical change in the
15 environment, per Section 15378(b)(5) of the Guidelines; and,

16
17 WHEREAS, all other legal prerequisites to the adoption of this Resolution have
18 occurred.

19 NOW, THEREFORE, the City Council of the City of Culver City DOES HEREBY
20 RESOLVE as follows:

21 SECTION 1. The foregoing recitals are true and correct.

22
23 SECTION 2. All legal prerequisites to the adoption of this Resolution have
24 occurred.

25 SECTION 3. The City Council hereby approves the Master Agreement between
26 the City of Culver City and the Successor Agency.

1 SECTION 4. The City Council hereby authorizes and directs the City Manager
2 or designee (i) to take all actions and to execute any and all documents, instruments, and
3 agreements necessary or desirable on behalf of the City, as approved by the City Manager
4 and the City Attorney, including without limitation the Master Agreement, in order to
5 implement and effectuate the Master Agreement and all other actions approved by this
6 Resolution, including, without limitation, approving changes, implementations, or revisions to
7 documents, instruments, and agreements as determined necessary by the City Manager, or
8 designee; and (ii) to administer the City's obligations, responsibilities, and duties to be
9 performed pursuant to this Resolution and all documents, instruments, and agreements
10 required by the Master Agreement.
11

12 SECTION 5. If any provision of this Resolution or the application of any such
13 provision to any person or circumstance is held invalid, such invalidity shall not affect other
14 provisions or applications of this Resolution that can be given effect without the invalid
15 provision or application, and to this end the provisions of this Resolution are severable. The
16 City declares that its City Council would have adopted this Resolution irrespective of the
17 invalidity of any particular portion of this Resolution.
18

19 SECTION 6. The adoption of this Resolution is not intended to and shall not
20 constitute a waiver by the City of any constitutional, legal or equitable rights that the City may
21 have to challenge, through any administrative or judicial proceedings, the effectiveness
22 and/or legality of all or any portion of the Dissolution Act, any determinations rendered or
23 actions or omissions to act by any public agency or government entity or division in the
24 implementation of the Dissolution Act, and any and all related legal and factual issues, and
25 the City expressly reserves any and all rights, privileges, and defenses available under law
26 and equity.
27
28

SECTION 7. The City hereby determines that the activity approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

SECTION 8. This Resolution shall take effect upon the date of its adoption.

APPROVED AND ADOPTED, this ____ day of _____, 2014.

MEGHAN SAHLI-WELLS, Mayor
City of Culver City

ATTEST:

APPROVED AS TO FORM:

MARTIN R. COLE, City Clerk

CAROL SCHWAB, City Attorney

A14-00499

PLEASE NOTE: Exhibit “A” and its Exhibits to Attachment No. 2 are a true and identical copy of Exhibit “A” and its Exhibits to Attachment No. 1 and are therefore not replicated here.