

NEW ISSUE — FULL BOOK ENTRY ONLY

NOT RATED

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series A Bonds received by the owners of the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. Interest on the Series B Bonds is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein. The Agency has designated the Series A Bonds as "Bank Qualified" under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (see "BANK QUALIFIED" herein).

\$3,770,000

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
TAX ALLOCATION BONDS
2005 SERIES A
(Bank Qualified)

\$3,450,000

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
TAXABLE TAX ALLOCATION BONDS
2005 SERIES B

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

The Firebaugh Redevelopment Project Tax Allocation Bonds, 2005 Series A (the "Series A Bonds") and the Firebaugh Redevelopment Project Taxable Tax Allocation Bonds, 2005 Series B (the "Series B Bonds" and, collectively with the Series A Bonds, the "Bonds") of the Redevelopment Agency of the City of Firebaugh (the "Agency") will be issued as fully registered bonds in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Interest payable on the Bonds will be payable on December 1 and June 1 of each year, commencing June 1, 2006. Principal payable on the Bonds will be paid by The Bank of New York Trust Company, N.A., Los Angeles, California, as trustee for the Bonds (the "Trustee"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

The Bonds are being issued by the Agency for the purpose of (i) financing and refinancing certain improvements in the Firebaugh Redevelopment Project of the Agency (the "Project Area"), (ii) funding a reserve account for the Bonds, and (iii) paying the costs of issuing the Bonds.

The Bonds are limited obligations of the Agency payable solely from and secured by the Tax Revenues (defined herein), to be derived from the Project Area, and from the amounts on deposit in certain funds as described herein. See "THE BONDS - Parity Debt" herein for a description of the conditions upon which the Agency may issue additional obligations with a lien on a parity with the Bonds with respect to the Tax Revenues. The Bonds are issued pursuant to the Indenture (as defined herein), between the Agency and the Trustee.

The Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS — Redemption" herein.

This cover page contains information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement, including the section entitled "RISK FACTORS AND LIMITATIONS ON TAX REVENUES," for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

THE BONDS ARE NOT A DEBT, OBLIGATION OR LIABILITY OF THE CITY OF FIREBAUGH, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY), NOR DO THEY CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF ANY OF THE FOREGOING (INCLUDING THE AGENCY). THE AGENCY HAS NO TAXING POWER. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

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

The following firm, serving as financial advisor to the Agency, has structured this issue.

A. M. PECHÉ & ASSOCIATES LLC

The Bonds are offered, when, as and if issued and received by the Underwriter, subject to the approval of legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the Agency by the City Attorney and by Nossaman, Guthner, Knox & Elliott, LLP, Irvine, California, Disclosure Counsel. It is expected that the Bonds, in book-entry form, will be available for delivery to DTC in New York, New York on or about November 23, 2005.

**M.L. Stern & Co., LLC**

Dated: November 10, 2005

MATURITY SCHEDULE

SERIES A BONDS

\$1,780,000 5.25% Term Series A Bonds due December 1, 2030 — Price: 100%; CUSIP®: 318127BT3

\$1,990,000 5.30% Term Series A Bonds due December 1, 2035 — Price: 100%; CUSIP®: 318127BU0

SERIES B BONDS

\$115,000 5.00% Term Series B Bonds due December 1, 2007 — Price: 100%; CUSIP®: 318127BV8

\$280,000 6.00% Term Series B Bonds due December 1, 2010 — Price: 100%; CUSIP®: 318127BW6

\$640,000 7.00% Term Series B Bonds due December 1, 2015 — Price: 100%; CUSIP®: 318127BX4

\$925,000 7.50% Term Series B Bonds due December 1, 2020 — Price: 100%; CUSIP®: 318127BY2

\$1,490,000 8.00% Term Series B Bonds due December 1, 2026 — Price: 100%; CUSIP®: 318127BZ9

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REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH

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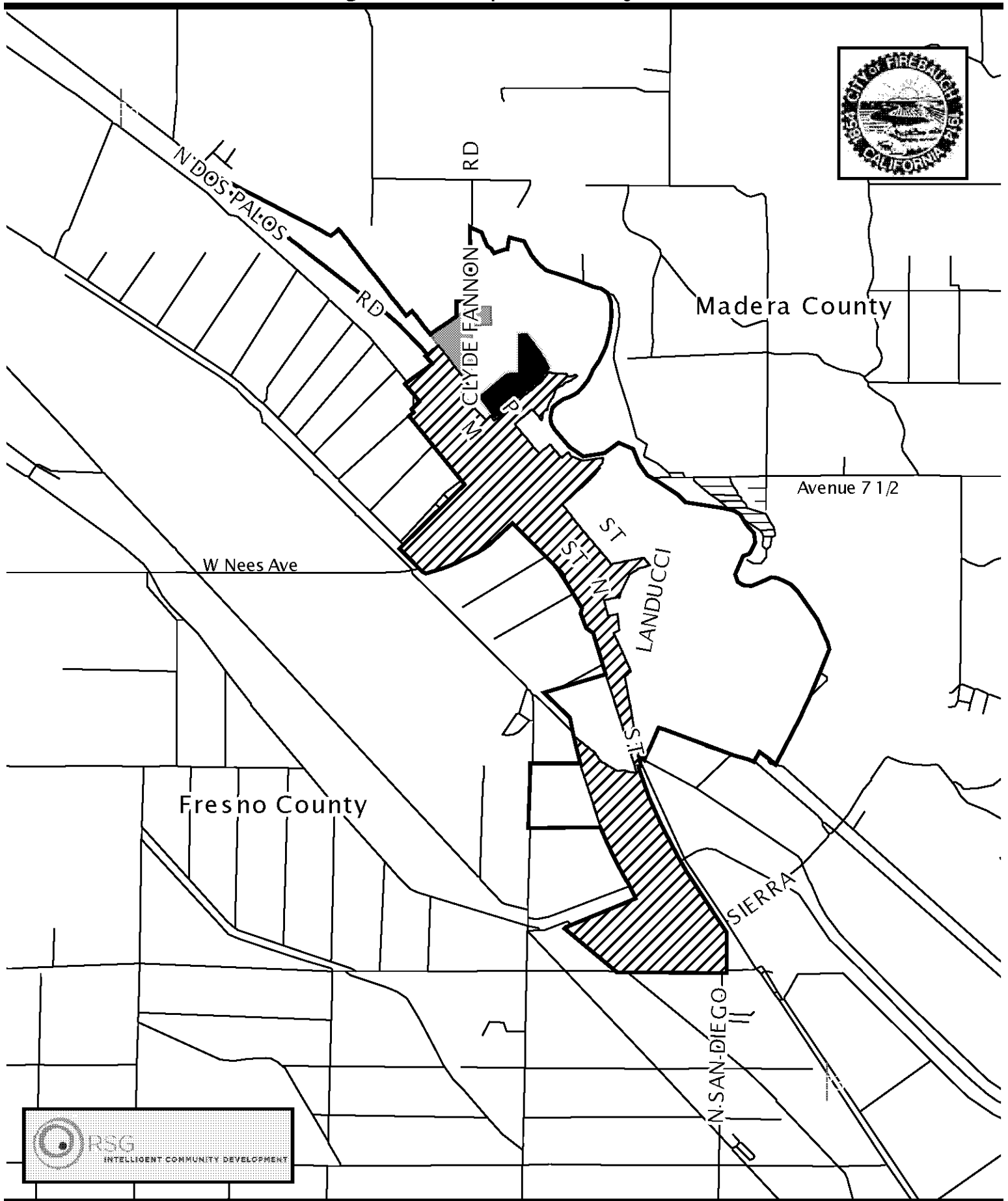
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Redevelopment Agency of the City of Firebaugh Existing Redevelopment Project Areas



 Firebaugh  Rubi Gardens  Storey Avenue

No dealer, broker, salesperson or other person has been authorized by the Agency or the Underwriter to give any information or to make any representations other than those contained herein 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, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the Agency, the City of Firebaugh and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under 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. 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 changes in the affairs of the Agency since the date hereof. All summaries of the Indenture 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.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF. THE PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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OFFICIAL STATEMENT

\$3,770,000
REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
TAX ALLOCATION BONDS
2005 SERIES A
(Bank Qualified)

\$3,450,000
REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
TAXABLE TAX ALLOCATION BONDS
2005 SERIES B

INTRODUCTION

General

This Official Statement is provided to furnish information in connection with the sale by the Redevelopment Agency of the City of Firebaugh (the "Agency") of \$3,770,000 aggregate principal amount of Firebaugh Redevelopment Project Tax Allocation Bonds, 2005 Series A (the "Series A Bonds") and \$3,450,000 aggregate principal amount of Firebaugh Redevelopment Project Taxable Tax Allocation Bonds, 2005 Series B (the "Series B Bonds" and, collectively with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including the Community Redevelopment Law, being Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Act"). The Series A Bonds are issued pursuant to an Indenture of Trust, dated as of November 1, 2005, between the Agency and The Bank of New York Trust Company, N.A. (the "Trustee"), and the Series B Bonds are issued pursuant to a First Supplement to Indenture of Trust, dated as of November 1, 2005, between the Agency and the Trustee (collectively, the "Indenture").

Proceeds of the Bonds will be used (i) to pay the costs of issuing the Bonds, (ii) to fund a reserve account for the Bonds, (iii) to finance certain improvements in the Firebaugh Redevelopment Project (the "Project Area"), and (iv) to refund its Redevelopment Agency of the City of Firebaugh, Firebaugh Redevelopment Project Tax Allocation Bonds, Series 1993, originally issued in the principal amount of \$2,250,000, of which \$1,350,000 remains outstanding (the "1993 Bonds"), its Redevelopment Agency of the City of Firebaugh, Firebaugh Redevelopment Project Tax Allocation Refunding Bonds, Series 1996, originally issued in the principal amount of \$2,230,000, of which \$1,885,000 remains outstanding (the "1996 Bonds"), and its Redevelopment Agency of the City of Firebaugh, Firebaugh Redevelopment Project Taxable Tax Allocation Bonds, Series 1998, originally issued in the principal amount of \$1,000,000, of which \$1,000,000 remains outstanding (the "1998 Bonds" and, with the 1993 Bonds and the 1996 Bonds, the "Prior Bonds"). See "THE IMPROVEMENTS," "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

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

Terms used in this Official Statement and not otherwise defined shall have the meaning given to them in APPENDIX A attached hereto.

The City, the Agency and the Project Area

The City of Firebaugh (the "City") is located in Fresno County (the "County"), approximately 43 miles northwest of the City of Fresno, 150 miles southeast of San Francisco and 260 miles northeast of Los Angeles. The City encompasses approximately 3.5 square miles. The current population of the City is approximately 6,741. The City operates under a council-manager form of government, and is governed by a five-member City Council elected at large with four-year staggered terms. The Mayor is appointed by majority vote of the City Council. For other selected information concerning the City, see "APPENDIX C – CITY OF FIREBAUGH ECONOMIC AND FINANCIAL INFORMATION" hereto.

The Agency was established pursuant to the Act and by an appropriate ordinance of the City Council, on January 14, 1980. The members of the City Council also serve as members of the Agency and exercise all rights, power and duties and privileges of the Agency.

The City Council adopted a redevelopment plan (the "Redevelopment Plan") for the original Firebaugh Redevelopment Project (the "Project Area") on June 21, 1983 by adoption of Ordinance No. 83-4, which at the time encompassed approximately 766 acres (the "Original Area"). The Redevelopment Plan was amended by Ordinance No. 84-6 on November 21, 1984, to include the 44-acre Rubi Gardens subdivision (the "Rubi Gardens Area"), and by Ordinance No. 89-3 on May 15, 1989, to include the 33-acre Storey Avenue area (the "Storey Avenue Area"). The Redevelopment Plan was amended by Ordinance No. 94-8 on December 19, 1994, to comply with certain provisions of AB 1290 (see "Financial Limitations" below). The Redevelopment Plan was further amended on May 3, 1999, by Ordinance No. 99-06, which extended the term of effectiveness of the Original Area, Rubi Gardens Area and Storey Avenue Area for an additional ten (10) years pursuant to Section 33333.6 of the Act, and again on December 15, 2003, by Ordinance No. 03-05, to eliminate the limitation on incurring debt, its term of effectiveness and the time period to collect tax increment to repay debt. The Redevelopment Plan was further amended on October 3, 2005, by Ordinance 05-05, which extended the term of effectiveness of the Original Area and Rubi Gardens Area by two years, and extended the term of effectiveness of the Storey Avenue Area for an additional one year, pursuant to Section 33333.6 of the Act.

The Project Area encompasses approximately 1.33 square miles, which includes approximately 38% of the present area of the City, and includes primarily residential, industrial and commercial uses. Assessed valuation of taxable property in the Project Area for Fiscal Year 2005/06 was approximately \$122,220,845, which is \$95,940,840 greater than the adjusted "base year" of the Project Area. Approximately \$88,866,763 of the Fiscal Year 2005/06 assessed value is attributable to the Original Area, \$19,568,911 is attributable to the Rubi Gardens Area and \$13,674,244 is attributable to the Storey Avenue Area. See "THE PROJECT AREA" herein.

Security for the Bonds

The Act authorizes the financing of redevelopment projects through the issuance of bonds secured by incremental tax revenues. Using this financing method, the last equalized assessed valuations of the property within a project area prior to adoption of the redevelopment plan become the base year valuations. The increased tax revenues which result from the increase in assessed valuations between the base year and subsequent years and which are

allocated to a redevelopment agency for the payment of debt may be pledged to the payment of debt service on obligations issued to finance the redevelopment project.

The Bonds are payable solely from, and are secured by, the Tax Revenues (as defined under "SECURITY FOR THE BONDS" herein), and from amounts on deposit in the Reserve Account and other funds and accounts pledged under the Indenture. In addition, the Agency has funded the Reserve Account with proceeds of the Bonds. See "SECURITY FOR THE BONDS - Reserve Account" herein.

Upon issuance of the Bonds, no other debt secured by the Tax Revenues will be outstanding. See "THE BONDS - Parity Debt" herein for a description of the conditions upon which the Agency may issue additional obligations with a lien on a parity with the Bonds with respect to the Tax Revenues. See also "SECURITY FOR THE BONDS" herein.

The Agency has no power to levy and collect taxes, and any legislative enactment or State constitutional amendment having the effect of reducing the property tax rate would necessarily reduce the amount of Tax Revenues available to pay the principal of and interest on the Bonds. Likewise, broadened property tax exemptions could have a similar effect. Additional factors affecting the availability of Tax Revenues are set forth under the caption "THE REDEVELOPMENT PLAN — Financial Limitations" below. See also "RISK FACTORS AND LIMITATIONS ON TAX REVENUES" for other matters which may affect the collection of Tax Revenues.

Forward-Looking Statements

This Official Statement contains forward-looking statements, including (i) statements containing projections of Tax Revenues and other financial items, (ii) statements of future economic performance of the Project Area, and (iii) statements of the assumptions underlying or relating to statements described in (i) and (ii) above, (collectively, the "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement, including without limitation statements under "THE PROJECT AREA" and "SECURITY FOR THE BONDS" regarding the financial position, capital resources and status of the Project Area are Forward-Looking Statements. Although the Agency believes that the expectations reflected in such Forward-Looking Statements are reasonable, no assurance can be given that such expectations will prove to be correct. Important factors which could cause actual results to differ materially from expectations of the Agency (collectively, the "Cautionary Statements") are disclosed in this Official Statement. All Forward-Looking Statements attributable to the Agency are expressly qualified in their entirety by the Cautionary Statements.

Summary of Terms

Brief descriptions of the Bonds, the Indenture, the Agency, the Project Area and the Redevelopment Plan are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Act and the Constitution and the laws of the State are qualified in their entirety by reference to such documents, statute or law, and all references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the proceedings of the Agency referred to above, the Indenture and other documents described in this Official Statement are available for inspection at the offices of the Agency, 1575 11th St., Firebaugh, California 93622-2214.

CONTINUING DISCLOSURE

The Agency has covenanted to provide certain financial information and operating data by not later than nine months after the end of the Agency's Fiscal Year (presently June 30) in each year commencing with its report for the 2004/05 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of material events will be filed by the Agency with each Nationally Recognized Municipal Securities Information Repository and the State Repository, if any. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of material events by the Agency is summarized in "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT." While the Agency has never failed to comply in all material respects with any previous undertaking with respect to the Rule, the City has failed to fully comply with respect to its previous undertaking with respect to the Rule in connection with certain obligations of its water system. However, the City has subsequently made all delinquent filings.

THE IMPROVEMENTS

Certain proceeds of the Bonds will be deposited in the Agency's Redevelopment Fund, to finance improvements within, or beneficial to, the Project Area. Certain proceeds of the Series A Bonds not used for refunding the Prior Bonds will be used by the Agency to fund the proposed inclusion of the Del Rio Project, an approximately 90 acre area, into the Project Area, and to increase the current limitations on the receipt of incremental tax revenues. In addition, certain proceeds of the Series B Bonds will be used for assembling approximately 20–30 acres of property near the center of the City to facilitate development of a retail/commercial project, including payment of relocation expenses.

THE REFUNDING PLAN

The Agency is selling the Bonds to provide the moneys (together with other available funds of the Agency) necessary to refund and defease (i) the 1993 Bonds, on December 1, 2005, at a redemption price equal to 100% of the principal amount thereof, (ii) the 1996 Bonds, on December 1, 2005, at a redemption price equal to 101% of the principal amount thereof, and (iii) the 1998 Bonds, on December 1, 2007, at a redemption price equal to 102% of the principal amount thereof.

A portion of the proceeds of the Bonds, along with certain remaining funds from the Prior Bonds, will be used to establish an escrow fund for each series of the Prior Bonds (collectively, the "Escrow Funds"), to be held in trust by the escrow agent named therein (the "Escrow Agent"), under an Escrow Agreement for each series of Prior Bonds (collectively, the "Escrow Agreements") between the Agency and the Escrow Agent, each dated as of November 1, 2005. Proceeds deposited into the Escrow Funds will be used to purchase direct obligations of the United States of America or certain other obligations for which the faith and credit of the United States are pledged for the payment of principal and interest ("Government Securities"). Principal of and interest on the Government Securities in an Escrow Fund will be used by the Escrow Agent to pay the debt service on the related series of Prior Bonds until redemption thereof as specified in such Escrow Agreement, on the date set forth above. Upon deposit of such proceeds and other moneys into the Escrow Funds, the Prior Bonds will no longer be deemed outstanding. Moneys and Government Securities deposited in the Escrow Funds are

not available to pay principal of or interest on the Bonds. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

THE BONDS

Authority for Issuance

Pursuant to a resolution of the Agency adopted on August 1, 2005, the Agency authorized the issuance of the Bonds pursuant to the Indenture.

Description of the Bonds

The Bonds will be issued only in the form of fully registered Bonds without coupons, in denominations of \$5,000 or any whole multiple thereof. The Bonds will be dated the date of delivery, will mature on December 1 in the years and in the respective principal amounts, and will bear interest at the respective rates per annum, all as set forth on the cover hereof. Interest on the Bonds will be paid on December 1 and June 1 of each year, commencing June 1, 2006 (each, an "Interest Payment Date"), by check mailed by first class mail to the Owner at his address as it appears on such registration books, or by wire transfer to Owners of \$1,000,000 or more in aggregate principal amount of Bonds at such wire transfer address in the United States as such Owner shall specify in a written notice requesting payment by wire transfer delivered to the Trustee prior to the Record Date (the fifteenth day of the month preceding each Interest Payment Date).

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before May 15, 2006, in which event it shall bear interest from the date of delivery; provided, however, if at the time of authentication interest is in default, the Bond shall bear interest from the Interest Payment Date to or for which interest has been paid or provided.

The principal of and redemption premium, if any, on each Bond will be payable upon the surrender of such Bond, at maturity or upon redemption prior to maturity, at the principal corporate trust office of the Trustee in Los Angeles, California.

Redemption

Optional Redemption. The Series A Bonds maturing on or before December 1, 2009, shall not be subject to redemption prior to their respective stated maturities. The Series A Bonds maturing on or after December 1, 2010, shall be subject to redemption in whole, or in part among maturities as shall be determined by the Agency and by lot within a maturity, on any Interest Payment Date commencing June 1, 2010, at the option of the Agency from any available source of funds, at a redemption price (expressed as a percentage of the principal amount of Series A Bonds to be redeemed) as set forth in the following table, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
June 1, 2010 and December 1, 2010	102%
June 1, 2011 and December 1, 2011	101
June 1, 2012 and thereafter	100

The Series B Bonds shall be subject to redemption in whole, or in part among maturities as shall be determined by the Agency and by lot within a maturity, on any Interest Payment Date commencing June 1, 2006, at the option of the Agency from any available source of funds, at a redemption price (expressed as a percentage of the principal amount of Series B Bonds to be redeemed) as set forth in the following table, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
June 1, 2006 through December 1, 2008	102%
June 1, 2009 and December 1, 2009	101
June 1, 2010 and thereafter	100

Sinking Account Redemption. (i) The Series A Bonds maturing on December 1, 2030, shall also be subject to redemption in part by lot on December 1, 2026, as set forth in the following table, from Sinking Account payments made by the Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as set forth below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

2030 Term Series A Bonds

<u>Payment Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2026	\$215,000
2027	360,000
2028	385,000
2029	400,000
2030 (maturity)	420,000

(ii) The Series A Bonds maturing on December 1, 2035, shall also be subject to redemption in part by lot on December 1, 2031, as set forth in the following table, from Sinking Account payments made by the Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as set forth below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

2035 Term Series A Bonds

<u>Payment Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2031	\$445,000
2032	475,000
2033	495,000
2034	520,000
2035 (maturity)	55,000

(iii) The Series B Bonds maturing on December 1, 2007, shall also be subject to redemption in part by lot on December 1, 2006, as set forth in the following table, from Sinking Account payments made by the Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as set forth below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

2007 Term Series B Bonds

<u>Payment Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2006	\$50,000
2007 (maturity)	65,000

(iv) The Series B Bonds maturing on December 1, 2010, shall also be subject to redemption in part by lot on December 1, 2008, as set forth in the following table, from Sinking Account payments made by the Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as set forth below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

2010 Term Series B Bonds

<u>Payment Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2008	\$ 80,000
2009	95,000
2010 (maturity)	105,000

(v) The Series B Bonds maturing on December 1, 2015, shall also be subject to redemption in part by lot on December 1, 2011, as set forth in the following table, from Sinking Account payments made by the Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as set forth below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

2015 Term Series B Bonds

<u>Payment Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2011	\$110,000
2012	120,000
2013	130,000
2014	135,000
2015 (maturity)	145,000

(vi) The Series B Bonds maturing on December 1, 2020, shall also be subject to redemption in part by lot on December 1, 2016, as set forth in the following table, from Sinking Account payments made by the Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as set forth below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

2020 Term Series B Bonds

<u>Payment Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2016	\$155,000
2017	170,000
2018	185,000
2019	200,000
2020 (maturity)	215,000

(vii) The Series B Bonds maturing on December 1, 2026, shall also be subject to redemption in part by lot on December 1, 2021, as set forth in the following table, from Sinking Account payments made by the Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as set forth below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

2026 Term Series B Bonds

<u>Payment Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2021	\$230,000
2022	250,000
2023	270,000
2024	295,000
2025	320,000
2026 (maturity)	125,000

Reduction of Sinking Account Redemption. If some but not all of any Term Bonds have been redeemed pursuant to optional redemption, the total amount of all applicable future Sinking Account payments relating to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among the

applicable Sinking Account payments in integral multiples of \$5,000 as determined by the Agency.

Purchase in Lieu of Redemption. In lieu of redemption of the Bonds pursuant to Sinking Fund payments, amounts on deposit in the Special Fund (to the extent not required to be transferred by the Trustee during the then current Bond Year) may also be used and withdrawn at the direction of the Agency at any time prior to the selection of Bonds for redemption for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The par amount of any of such Bonds so purchased by the Agency in any twelve-month period ending on October 1 in any year shall be credited towards and shall reduce the par amount of Bonds required to be redeemed on December 1 in such year.

Notice of Redemption; Rescission. The Trustee will mail (by first class mail, postage prepaid) notice of any redemption at least 30 but not more than 60 days prior to the redemption date, to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books; but such mailing is not a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or shall state that all of the Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the Bonds to be redeemed will not accrue from and after the date fixed for redemption.

Any optional redemption notice sent by the Trustee in connection with a redemption from the proceeds of refunding obligations may be rescinded upon the mailing to the Bond Owners by the Trustee of a written notice of such rescission if such refunding obligations are not issued, in which event the Bonds will not be redeemed and interest will continue to accrue thereon.

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

Book-Entry System

DTC 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. See "APPENDIX G –BOOK ENTRY PROVISIONS" herein.

The Agency and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect

to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Agency and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

Parity Debt

Parity Debt. The Agency has covenanted not to issue obligations with a lien on Tax Revenues senior to the lien of the Bonds. However, the Indenture permits the Agency to issue or incur other loans, advances or indebtedness payable from Tax Revenues, by a Supplemental Indenture, on a parity with the Bonds to finance and refinance the Redevelopment Project in such principal amount as shall be determined by the Agency ("Parity Debt"). The Agency may issue and deliver any such Parity Debt subject to the following specific conditions:

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

(b) The Tax Revenues estimated to be received for the then current Bond Year based on the most recent assessed valuation of property in the Redevelopment Project as evidenced in the written records of the County, plus (at the option of the Agency) the Additional Revenues, shall be as follows:

(i) at least equal to one hundred thirty-five percent (135%) of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt, if the largest secured property taxpayer in the Project Area owns thirty percent (30%) or more of the assessed valuation of properties in the Project Area;

(ii) at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt, if the largest secured property taxpayer in the Project Area owns twenty-five percent (25%) or more but less than thirty percent (30%) of the assessed valuation of properties in the Project Area; or

(iii) at least equal to one hundred twenty percent (120%) of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt, if the largest secured property taxpayer in the Project Area owns less than twenty-five percent (25%) of the assessed valuation of properties in the Project Area.

For purposes of the calculation of Tax Revenues under this paragraph (b), the tax rate for the property in the Project Area shall be assumed to be one percent (1%).

"Additional Revenues" means, as of the date of calculation, the amount of Tax Revenues which, as shown in the Report of an Independent Redevelopment Consultant, are estimated to be receivable by the Agency within the Fiscal Year following the Fiscal Year in which such calculation is made, as a result of increases in

the assessed valuation of taxable property in the Project Area due to construction which has been completed but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the Project Area is estimated to increase above the assessed valuation of taxable property in the Project Area (as evidenced in the written records of the County) as of the date on which such calculation is made.

(c) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide that interest thereon shall not be payable on any dates other than June 1 and December 1, and principal thereof shall be payable on December 1 in any year in which principal is payable.

(d) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide for the deposit into the Reserve Account of an amount required to cause the balance therein to equal the full amount of the Reserve Requirement (which may be maintained in whole or in part in the form of a Qualified Reserve Account Credit Instrument as provided in the Indenture).

(e) The issuance of such Parity Debt shall not cause the Agency to exceed any applicable Plan Limitations, taking into account all payments due under the Pass-Through Agreements.

For the purposes of the calculation of the coverage requirements set forth in subsection (b) with respect to the issuance of Parity Debt, Outstanding Bonds and Parity Debt shall not include a principal amount of such Parity Debt, determined on such basis among maturities as the Agency may determine, equal to the proceeds of such Parity Debt to be deposited in an escrow fund established for such Parity Debt (the "Escrowed Bonds"), provided that the Supplemental Indenture authorizing the issuance of such Parity Debt shall provide that:

(a) Such proceeds shall be invested in Permitted Investments, and an amount equal to the difference between the projected interest earnings on such proceeds and the interest due on the Escrowed Bonds shall be deposited in the Interest Account so as to pay interest on the Escrowed Bonds as it becomes due and payable;

(b) Moneys may be transferred from the escrow fund established for the Escrowed Bonds only if a Tax Revenue Certificate establishes that the amount of Tax Revenues, based on the most recent assessed valuation of taxable property in the Project Area as shown on the records of the County for the next Fiscal Year after the proposed transfer date of such Parity Debt at least equals one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on all Outstanding Bonds; which calculation shall take into account the Increment Assumptions (as defined above); and

(c) Such Parity Debt shall be redeemed from moneys remaining on deposit in the escrow fund established for the Escrowed Bonds at the expiration of a specified escrow period in such manner as may be determined by the Agency in the Supplemental Indenture.

Issuance of Subordinate Debt. In addition to the Bonds and any Parity Debt, from time to time the Agency may issue or incur additional Subordinate Debt in such principal amount as shall be determined by the Agency, provided that the issuance of such Subordinate Debt shall not cause the Agency to exceed any applicable Plan Limitations.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds are estimated as follows:

Sources of Funds:	<u>Series A Bonds</u>	<u>Series B Bonds</u>
Principal Amount of Bonds	\$3,770,000.00	\$3,450,000.00
Underwriter's Discount	(94,250.00)	(86,250.00)
Amounts Relating to Prior Bonds	<u>671,653.75</u>	<u>127,500.00</u>
TOTAL SOURCES	\$4,347,403.75	\$3,491,250.00
Uses of Funds:		
Deposit to Reserve Account	\$301,865.93	\$242,431.57
Deposit to Redevelopment Fund	550,000.00	2,000,000.00
Deposit to Escrow Funds	3,359,953.75	1,140,123.18
Costs of Issuance ⁽¹⁾	<u>135,584.07</u>	<u>108,695.25</u>
TOTAL USES	\$4,347,403.75	\$3,491,250.00

(1) Includes fees and expenses of Bond Counsel and Disclosure Counsel, the Financial Advisor, the Trustee and other costs of issuing the Bonds.

DEBT SERVICE SCHEDULE

The following table sets forth the amount of debt service with respect to the Bonds for each twelve-month Bond Year ending on December 1:

Year (December 1)	SERIES A BONDS			SERIES B BONDS			Total Debt Service
	<u>Principal</u>	<u>Interest</u>	<u>Series A Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Series B Debt Service</u>	
2006	\$ 0	\$ 203,340.44	\$ 203,340.44	\$ 50,000	\$261,612.22	\$ 311,612.22	\$ 514,952.67
2007	0	198,920.00	198,920.00	65,000	253,425.00	318,425.00	517,345.00
2008	0	198,920.00	198,920.00	80,000	250,175.00	330,175.00	529,095.00
2009	0	198,920.00	198,920.00	95,000	245,375.00	340,375.00	539,295.00
2010	0	198,920.00	198,920.00	105,000	239,675.00	344,675.00	543,595.00
2011	0	198,920.00	198,920.00	110,000	233,375.00	343,375.00	542,295.00
2012	0	198,920.00	198,920.00	120,000	225,675.00	345,675.00	544,595.00
2013	0	198,920.00	198,920.00	130,000	217,275.00	347,275.00	546,195.00
2014	0	198,920.00	198,920.00	135,000	208,175.00	343,175.00	542,095.00
2015	0	198,920.00	198,920.00	145,000	198,725.00	343,725.00	542,645.00
2016	0	198,920.00	198,920.00	155,000	188,575.00	343,575.00	542,495.00
2017	0	198,920.00	198,920.00	170,000	176,950.00	346,950.00	545,870.00
2018	0	198,920.00	198,920.00	185,000	164,200.00	349,200.00	548,120.00
2019	0	198,920.00	198,920.00	200,000	150,325.00	350,325.00	549,245.00
2020	0	198,920.00	198,920.00	215,000	135,325.00	350,325.00	549,245.00
2021	0	198,920.00	198,920.00	230,000	119,200.00	349,200.00	548,120.00
2022	0	198,920.00	198,920.00	250,000	100,800.00	350,800.00	549,720.00
2023	0	198,920.00	198,920.00	270,000	80,800.00	350,800.00	549,720.00
2024	0	198,920.00	198,920.00	295,000	59,200.00	354,200.00	553,120.00
2025	0	198,920.00	198,920.00	320,000	35,600.00	355,600.00	554,520.00
2026	215,000	198,920.00	413,920.00	125,000	10,000	135,000.00	548,920.00
2027	360,000	187,632.50	547,632.50	0	0	0	547,623.50
2028	385,000	168,732.50	553,732.50	0	0	0	553,732.50
2029	400,000	148,520.00	548,520.00	0	0	0	548,520.00
2030	420,000	127,520.00	547,520.00	0	0	0	547,520.00
2031	445,000	105,470.00	550,470.00	0	0	0	550,470.00
2032	475,000	81,885.00	556,885.00	0	0	0	556,885.00
2033	495,000	56,710.00	551,710.00	0	0	0	551,710.00
2034	520,000	30,475.00	550,475.00	0	0	0	550,475.00
2035	55,000	2,915.00	57,915.00	0	0	0	57,915.00
TOTALS	\$3,770,000	\$5,091,600.44	\$8,861,600.44	\$3,450,000	\$3,554,462.22	\$7,004,462.22	\$15,866,062.67

SECURITY FOR THE BONDS

General

The Bonds are secured by an irrevocable pledge of the Tax Revenues (as defined in “Tax Revenues” below), and all funds and accounts pledged under the Indenture. The Tax Revenues shall be applied, on a parity basis, to the payment of the principal of, premium, if any, and interest on the Bonds and any Parity Debt issued pursuant to the Indenture, and to maintain the Reserve Account in an amount equal to the Reserve Requirement. Parity Debt payable from Tax Revenues on a parity with the Bonds may be issued under the Indenture (see “THE BONDS —Parity Debt”).

Limited Obligations

The Bonds are not a debt, liability or obligation of the City, the State or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions, other than the Agency, is liable therefor. The principal of, premium, if any, and interest on the Bonds are payable solely from the Tax Revenues. The Agency’s obligations under the Indenture are a limited obligation payable solely from Tax Revenues relating to such Indenture allocated to the Agency and from other amounts pledged under the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

Tax Allocation Financing

The Act and the California Constitution provide a method for financing redevelopment projects based upon an allocation of taxes collected within a project area. First, the assessed valuation of the taxable property in a project area last equalized prior to adoption of the redevelopment plan is established and that valuation becomes the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the taxing agencies on behalf of which taxes are levied on property within such project area will receive the taxes produced by the levy of the then current tax rate upon the base roll. Except as discussed in the following section, taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves have no authority to levy taxes on property and must look specifically to the allocation of taxes produced as described above.

Tax Revenues

Under California law, the rate of ad valorem property taxes which may be levied with respect to property within a redevelopment project area is generally limited to 1% of the “full cash” assessed value. In this Official Statement such taxes are referred to as the “general levy” and are allocated to the State, the County of Fresno (the “County”), the City and all other taxing entities having jurisdiction over all or a portion of the Project Area. The assessed values of property within the Project Area, as last equalized prior to adoption of the Redevelopment Plan as to the Original Area or, as to the Rubi Gardens Area and the Storey Avenue Area, prior to adoption of the Redevelopment Plan amendments which added those areas to the Project Area, become the “base year” assessed values. Therefore, the base year with respect to the Project Area (the “Base Year”) is different for the Original Area, the Rubi Gardens Area and the Storey Avenue Area to reflect the original adoption of the Redevelopment Plan, along with the amendments to the Redevelopment Plan which added additional territory.

As provided in the Redevelopment Plan, and pursuant to the Act 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 fiscal years beginning after the effective date of the Redevelopment Plan, are divided as follows:

1. To Taxing Agencies: That portion of the taxes which would be produced by the tax rate levied each year by or for each of said Taxing Agencies on the total assessed value of the taxable property in the Project Area, as shown upon the assessment roll last equalized prior to the effective date of the ordinance approving the Redevelopment Plan or amendment (as applicable) (the "Base Year Amount"), shall be allocated to, and when collected, shall be paid into the funds of the respective Taxing Agencies as taxes by or for said Taxing Agencies; and

2. To the Agency: Except for taxes attributable to a tax rate levied by a Taxing Agency for the purpose of repaying bonded indebtedness approved by its voters after January 1, 1989, which shall be allocated to and when collected shall be paid to the respective Taxing Agency, the portion of said levied taxes each year in excess of such Base Year Amount shall be allocated to, and when collected shall be paid to, a special fund of the Agency to pay principal of and interest on loans, moneys advanced to, or indebtedness incurred by the Agency to finance or refinance improvements within the Project Area. Such portion, subject to such exclusions and deductions as are set forth in proceedings for the adoption of the Redevelopment Plan, is generally herein referred to as "Incremental Tax Revenues."

"Tax Revenues," as defined in the Indenture, means, for each Fiscal Year, all taxes annually allocated and paid to the Agency with respect to the Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Act and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, and including that portion of such taxes otherwise required by Section 33334.3 of the Act to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds and that portion of any Parity Debt (including applicable reserves and financing costs) issued to finance or refinance amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Act to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding (i) all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Section 33334.3 of the Act, (ii) amounts payable by the State to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State, and (iii) all amounts of such taxes required to be paid by the Agency pursuant to the Pass-Through Agreements or pursuant to Sections 33607.5 and 33607.7 of the Act, to the extent not subordinated to the payment of principal of and interest on the Bonds.

The Agency has no power to levy and collect taxes. Any provision of law limiting property taxes or allocating additional sources of income to Taxing Agencies and having the effect of reducing the property tax rate, or any significant reduction in property values, reduce the amount of Tax Revenues which secure the Bonds. Likewise, increased property tax exemptions could also reduce Tax Revenues (see "RISK FACTORS AND LIMITATIONS ON

TAX REVENUES” below). Additionally, Tax Revenues may be reduced each year by a collection fee charged by the County. (See “RISK FACTORS AND LIMITATIONS ON TAX REVENUES –Property Tax Administrative Costs” herein.)

In the event of any increase in the present tax rate or assessed valuation, or if any present property tax exemptions are reduced or eliminated, the amount of Tax Revenues that secure the Bonds would, under normal circumstances, increase (see “RISK FACTORS AND LIMITATIONS ON TAX REVENUES” for a discussion of the Constitutional constraints of increasing tax rates and assessed valuation).

As described below under “THE REDEVELOPMENT PLAN — Alleviation of Financial Burden of Taxing Entities,” the Agency may pay a portion of the Incremental Tax Revenues to other Taxing Agencies pursuant to the Pass-Through Agreements. See also “RISK FACTORS AND LIMITATIONS ON TAX REVENUES –Tax Increment Limitations” herein.

Pursuant to the Redevelopment Plan, the amount of bonds outstanding at any one time and payable from the tax increment revenues allocated to the Project Area cannot exceed \$40,000,000, and the incremental Tax Revenue allocated to the Agency from the Project Area is limited to \$40,000,000. See “THE REDEVELOPMENT PLAN – Plan Limitations” and “RISK FACTORS AND LIMITATIONS ON TAX REVENUES – Tax Increment Limitations” herein.

The Agency has retained Rosenow Spevacek Group Inc. (the “Fiscal Consultant”) to prepare a Fiscal Consultant Report for the Project Area, a copy of which is attached hereto as APPENDIX B. (See “THE PROJECT AREA –Projected Tax Revenues” and “RISK FACTORS AND LIMITATIONS ON TAX REVENUES –Estimated Revenues” herein).

Alternative Method of Tax Apportionment (“Teeter Plan”)

Section 4701 through Section 4717 of the California Revenue and Taxation Code permit counties to use a method of apportioning taxes (commonly referred to as the “Teeter Plan”) whereby local agencies receive from the county 100% of their respective shares of the amount of secured ad valorem taxes levied, without regard to actual collections of taxes. Due to this allocation method, the Agency does not receive any adjustments for redemption payments on delinquent collections. The unsecured taxes are allocated based on actual unsecured tax collections.

The Pass-Through Agreements

The Agency has entered into certain agreements (the “Pass-Through Agreements”) which require payment to other Taxing Agencies of certain Incremental Tax Revenues. The Fiscal Consultant has projected payments due under the Pass-Through Agreements in connection with its calculation of Tax Revenues (see “APPENDIX B” hereto). Tax Revenues exclude payments with respect to the Pass-Through Agreements.

On December 15, 2003, the City Council adopted Ordinance No. 03-05 amending the Redevelopment Plan to eliminate the time period to incur debt. Because of this action, the Agency is required to pay “statutory pass-throughs” when the Project Area exceeds the original time limit to incur debt. Statutory pass-throughs are required for all those taxing entities for which the Agency has not entered into a tax sharing agreement commencing in Fiscal Year 2004/05 (with respect to the Original Area and the Rubi Gardens Area) or in Fiscal

Year 2009/10 (with respect to the Storey Avenue Area). The statutory pass through requirements provide 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).

See "THE PROJECT AREA –Projected Tax Revenues" herein for a discussion of the impact of the statutory pass-through payments on Tax Revenues.

Reserve Account

Upon receipt of the proceeds from the sale of the Bonds, the Agency shall initially fund the Reserve Account in the amount of the initial Reserve Requirement for the Bonds. The Reserve Requirement is an amount equal to the lesser of (i) ten percent of the proceeds of the Bonds Outstanding, (ii) 125% of Average Annual Debt Service on the Bonds, or (iii) the full amount of Maximum Annual Debt Service (determined on a Fiscal Year basis) on the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" above. The Reserve Account secures the Bonds on a parity basis.

In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency shall transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, on any date which the principal of or interest on the Bonds, including Parity Debt, becomes due and payable hereunder, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the Bonds then Outstanding. If the amounts available in the Reserve Account are not sufficient to meet such deficiency, then the aggregate of such available amounts shall be deposited ratably with respect to the Bonds and such Parity Debt based on the full amounts required to be so deposited. So long as no Event of Default shall have occurred and be continuing, any amount in the Reserve Account in excess of the Reserve Requirement on the fourth (4th) Business Day preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account.

The Reserve Requirement may be satisfied by crediting to the Reserve Account a Qualified Reserve Account Credit Instrument which make funds available in the Reserve Account in an amount equal to all or a portion of the Reserve Requirement. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument, the Trustee shall transfer moneys then on hand in the Reserve Account to the Redevelopment Fund to be applied for lawful redevelopment purposes for which proceeds of tax-exempt bonds can be used.

Low and Moderate Income Housing Requirements

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the Act, requiring redevelopment agencies to set aside in a Low and Moderate Income Housing Fund

not less than 20% of all tax increment for the purposes of improving the community's supply of low and moderate income housing. This low and moderate income housing requirement can be reduced or eliminated if the redevelopment agency finds that (i) no need exists in the community to improve or increase the supply of low and moderate income housing; or (ii) some stated percentage less than 20% of the tax increment is sufficient to meet the housing need.

Pursuant to the Act, housing set-aside funds may be pledged only to the repayment of bonds to the extent proceeds of such bonds are expended on qualifying housing purposes. Since the Agency is using a portion of the proceeds of the Bonds to satisfy the set-aside requirements (since it is refunding a portion of the 1993 Bonds and the 1996 Bonds which were used for such purposes), Tax Revenues include a related amount of the 20% set-aside.

THE AUTHORITY

The Firebaugh Public Financing Authority (the "Authority") was created by a Joint Exercise of Powers Agreement, dated August 16, 1993, by and between the City and the Agency. Such agreement was entered into pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "JPA Act"). The Authority was created for the purpose of assisting the financing or refinancing of certain public capital facilities within the City. Under the JPA Act, the Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at a public or negotiated sale.

The Authority is governed by a five-member Board of Directors which consists of the members of the City Council of the City. The Mayor acts as the President of the Authority, the City Manager as its Chief Administrative Officer, the Finance Director as the Treasurer of the Authority and the Deputy City Clerk as its Secretary.

THE AGENCY

General

The Agency was established pursuant to the Act and was activated by Ordinance No. 361 adopted by the City Council on January 14, 1980, at which time the City Council declared itself to be the governing board of the Agency. The Agency is charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City. The Agency's goals and objectives for the Project Area, are set forth in the Redevelopment Plan (see "THE REDEVELOPMENT PLAN" herein). In pursuing the foregoing objectives, the Agency expects to provide for the construction, reconstruction, replacement and repair of various public facilities, including flood control and drainage facilities, streets, sidewalks, curbs and gutters.

Agency Members

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

<u>Members of the Redevelopment Agency</u>	<u>Expiration of Term</u>
George I. Conklin, J r., Chair	November, 2006
Craig J. Knight, Member	November, 2008
Clyde Fannon, Member	November, 2008
Marcia Sablan, Member	November, 2006
Javier S. Marquez, Member	November, 2008

Agency Powers

All powers of the Agency are vested in its members, who are elected members of the City Council. Pursuant to the Act, the Agency is a separate public body and exercises governmental functions in planning and implementing redevelopment projects.

Within its area of operation, the Agency may exercise broad governmental functions and authority to accomplish its purposes, including, but not limited to, the right of eminent domain, the right to issue bonds for authorized purposes and to expend the proceeds thereof, and the right to acquire, sell, rehabilitate, develop, administer or lease property. The Agency may demolish buildings, clear land, and cause to be constructed certain improvements including streets, sidewalks and utilities, and may also prepare for use as a building site any real property which it owns or administers.

The Agency may, from any funds made available to it for such purposes, pay for all or part of the costs of land and buildings, facilities or other improvements to be publicly owned and operated, provided that the City Council finds that such improvements are of benefit to the Project Area, that the improvements cannot be financed by any other reasonable method, and that the payment for such improvements will assist with elimination of blight in the Project Area or provide housing for low or moderate income persons and is consistent with the Agency's implementation plan adopted under Section 33490 of the Act.

Agency Financial Statements

The Agency accounts for its financial transactions through funds representing the Project Area. A copy of the Agency's audited annual financial statements for the fiscal year ended June 30, 2005 were prepared by the certified public accounting firm of Bryant L. Jolley of Firebaugh, California, and are attached hereto as APPENDIX D. The auditor has not reviewed such statements in connection with their inclusion in this Official Statement, nor has the Agency requested such a review. Copies of the audited financial statements for the Fiscal Year ended June 30, 2005, as well as the Agency's audited financial statements for other Fiscal Years, can be obtained at the office of Executive Director at City Hall.

Certification of Agency Indebtedness

The Act provides for the filing, not later than September 30 of each year, with the county auditor of a statement of indebtedness certified by the chief fiscal officer of the agency for each redevelopment project which receives tax increment. The statement of indebtedness is required to contain the date on which the bonds were delivered, the principal amount, term, purpose and interest rate of the bonds, the principal amount and interest due in the fiscal year in

which the statement is filed, and the total principal and interest remaining to be paid. Similar information must be given for each loan, advance or indebtedness that the agency has incurred or entered into to be payable from tax increment. The statement must also indicate the total principal and interest due on all bonds, loans, advances or other indebtedness indicated on the statement, both for the current fiscal year and cumulatively over their lives, and the total amount of "available revenues" on hand at the time of filing of the statement. "Available revenues" is defined in Section 33675, and is based upon a calculation of the amounts received by the agency in the prior fiscal year from all sources, less amounts paid on all bonds, loans, advances or indebtedness in the prior fiscal year, plus amounts held by the agency and pledged to the payment of bonds, loans advances or indebtedness. The difference between the cumulative amount remaining to be paid on the lives of all bonds, loans, advances or other indebtedness as shown on the statement and the amount of available revenues is the maximum amount which can be paid to the agency in tax increment revenue for the fiscal year in which the statement is filed.

Section 33675 also provides that the county auditor is limited in payment of tax increment to the payment of indebtedness. Section 33675 further provides that the statement of indebtedness is prima facie evidence of the indebtedness of the agency, but that the county auditor may dispute the amount of indebtedness shown on the statement in certain cases. Provision is made for time limits under which the dispute can be made by the county auditor as well as provisions for determination by the Superior Court in a declaratory relief action of the proper disposition of the matter. The issue in any such action shall involve only the amount of the indebtedness and not the validity of any contract or debt instrument, or any expenditures pursuant thereto. An exception is made for payments to a public agency in connection with payments by such public agency pursuant to a bond issue which shall not be disputed in any action under Section 33675. The Bonds should be entitled to the protection of the statute so that they cannot be disputed by the County Auditor.

THE REDEVELOPMENT PLAN

General

The City Council adopted the Redevelopment Plan for the Original Area on June 21, 1983 by adoption of Ordinance No. 83-4, which at the time encompassed approximately 766 acres. The Redevelopment Plan was amended by Ordinance No. 84-6 on November 21, 1984 to include the 44-acre Rubi Gardens Area, and by Ordinance No. 89-3 on May 15, 1989 to include the 33-acre Storey Avenue Area. The Redevelopment Plan was amended by Ordinance No. 94-8 on December 19, 1994, to comply with certain provisions of AB 1290 (see "Financial Limitations" below). The Redevelopment Plan was further amended on May 3, 1999 by Ordinance 99-06, which extended the term of effectiveness of the Original Area, Rubi Gardens Area and Storey Avenue Area for an additional ten (10) years pursuant to Section 33333.6 of the Act, and again on December 15, 2003, by Ordinance No. 03-05, to eliminate the limitation on incurring debt, its term of effectiveness and the time period to collect tax increment to repay debt. The Redevelopment Plan was further amended on October 3, 2005 by Ordinance 05-05, which extended the term of effectiveness of the Original Area and Rubi Gardens Area by two years, and extended the term of effectiveness of the Storey Avenue Area for an additional one year, pursuant to Section 33333.6 of the Act.

The Redevelopment Plan describes the boundaries of the Project Area, contains a general statement of the objectives of the Project Area, land use, layout of principal streets, building intensities and standards, and other criteria proposed as the basis for redevelopment of

the Project Area. The Redevelopment Plan also describes how the Redevelopment Plan effectuates the purposes of the Act and how the proposed redevelopment conforms to the General Plan of the City, and describes the impact of the Redevelopment Plan upon residents thereof and upon the surrounding neighborhood.

As described above under "SECURITY FOR THE BONDS," the Redevelopment Plan provides that all taxes levied upon taxable property within the Project Area each year by or for the benefit of the State, the County, the City, any district, or any other public corporation (among the Taxing Agencies as described therein) will be divided among the Taxing Agencies as described therein.

Financial Limitations

The Redevelopment Plan provides that the total amount of Incremental Tax Revenues which may be divided and allocated to the Agency pursuant to the Redevelopment Plan from the Project Area may not exceed \$40,000,000, unless the Redevelopment Plan is amended to provide a greater amount. The Agency currently projects that it will reach this limit by Fiscal Year 2028/29 (assuming a 2% annual growth rate in assessed value). In connection therewith, the Agency is pursuing an amendment to the Redevelopment Plan to increase the limitation.

Amounts received by the Agency and paid to other taxing entities as described below under "Agreements With Various Taxing Entities" are not included for purposes of the limitation. In addition, the Redevelopment Plan provides that total outstanding principal of bonds payable from such tax increment may not at any time exceed \$40,000,000. Based on Agency records, the Agency has received approximately \$9,639,406 of Incremental Tax Revenues through June 30, 2005. Incremental Tax Revenues pledged to existing obligations, including debt service on the Bonds, total approximately \$15,866,063. Upon issuance of the Bonds and defeasance of the Prior Bonds, the total principal amount of Outstanding Bonds payable from Incremental Tax Revenues is \$7,220,000.

Assembly Bill 1290 ("AB 1290") was signed into law by the Governor in December 1993 and amends various provisions of the Act. AB 1290 provides for the placement of time limits on the effectiveness of every redevelopment plan, and provides that after 10 years from the termination date of a plan's effectiveness, no redevelopment agency, subject to certain exceptions, shall pay indebtedness or receive property taxes in connection therewith. The expiration date of the components of the Redevelopment Plan, the final date to incur indebtedness (as permitted in the Indenture) and the final date to receive Incremental Tax Revenues from each component of the Project Area is set forth in the following table. While the date of final payment of principal of and interest on the Bonds is December 1, 2036, debt service has been structured to reflect the decrease in Tax Revenues resulting from termination of the effective date of each component of the Project Area. See "Senate Bill 211" below for a discussion of changes in the Act which could allow further extensions of these dates. In addition, in connection with the shift of certain Incremental Tax Revenues, SB 1045 allows the Agency to extend the effective date of the Redevelopment Plan, and the date to receive Incremental Tax Revenues, by one year, and SB 1096 allows the Agency to extend the effective date of the Redevelopment Plan, and the date to receive Incremental Tax Revenues, by two years if the legislative body finds the Agency is in compliance with major housing requirements. Accordingly, by Ordinance No. 05-05, adopted by the City Council on October 3, 2005, the Redevelopment Plan was amended to extend the term of effectiveness of the Original Area and Rubi Gardens Area by two years, and the term of effectiveness of the Storey Avenue Area for

an additional one year. See “RISK FACTORS AND LIMITATIONS ON TAX REVENUES –State Budget Deficit” herein.

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
FINANCIAL LIMITATIONS

<u>Project Area Component</u>	<u>Limit on Incurring Debt</u>	<u>Expiration Date of Plan</u>	<u>Last Date to Receive Increment</u>
Original Area	N/A	6/21/25	6/21/35
Rubi Gardens Area	N/A	11/21/26	11/21/36
Storey Avenue Area	N/A	5/15/30	5/15/40

See “RISK FACTORS AND LIMITATIONS ON TAX REVENUES – Tax Increment Limitations” herein for a discussion of certain other matters which limit Tax Revenues or impact the use thereof.

Low and Moderate Income Housing Provisions

The Redevelopment Plan provides that a portion of all taxes which are allocated to the Agency pursuant to the Act must be paid into a separate low and moderate income housing fund and used by the Agency for the purpose of increasing and improving the community’s supply of housing available at affordable cost to persons and families of low and moderate income. The Agency’s low and moderate income housing fund may be used to acquire or improve land and building sites, to donate land to public entities, to construct, rehabilitate or acquire buildings, and to provide subsidies to or for the benefit of persons and families of very low, low, or moderate income. Funds available from the low and moderate income housing fund may be used either inside or outside the Project Area on a finding by the Agency and the City Council that such use will be of benefit to the Project Area.

Alleviation of Financial Burden to Taxing Entities

The Redevelopment Plan provides that the Agency may, in any year during which it owns property in a Project Area, pay directly to the City, the County, any district or any other public corporation for whose benefit a tax would have been levied upon such property had the Agency not been exempt, an amount of money in lieu of taxes. The Agency may also pay to any taxing entity with territory located within the Project Area (other than the City) any amounts of money which, in the Agency’s determination, are appropriate to alleviate any financial burden or detriment caused to the taxing entity by the Redevelopment Plan.

Agreements With Various Taxing Entities

The Agency has a contract with the County to return 10.67% of Incremental Tax Revenues to the County after the Agency has received \$1.5 million of incremental Tax Revenues for a period of five years from the year in which the Agency has reached the threshold level. For the next five years the percentage increases to 21.33%, and then increases to 32.0% for the remainder of the Redevelopment Plan. This contractual return of a portion of the Incremental Tax Revenues to the County commenced in Fiscal Year 2000/01. The Agency has also entered into an agreement with the County Free Library, dated July 5, 1983 which provides for the County Free Library to receive one hundred percent of its share (1.68%) of the Incremental Tax Revenues.

The Agency also is required to pay certain statutory pass-through payments in connection with amendments to the Redevelopment Plan. See "THE PROJECT AREA – Projected Tax Revenues" herein for a discussion of the impact of the pass-through payments on Tax Revenues. The Fiscal Consultant has projected such payments in connection with its calculation of Tax Revenues (see APPENDIX B hereto).

Tax Rates

Tax Revenues projected by the Fiscal Consultant are computed based upon the annual incremental assessed value of the Project Area multiplied by a one percent (1.0%) tax rate. The tax rate consists of the general tax levy of \$1.00 per \$100 of assessed value and the override tax rate which represents the debt service levy whose indebtedness has been authorized by voter approval.

The override tax rates typically decline each year (1) as increasing property values reduce the override rate needed to be levied by the taxing entities to meet debt service and (2) as voter approved debt is eventually retired over time. The State Constitution prohibits redevelopment agencies from receiving taxes generated by new override tax rates which are reflective of debt approved after December 31, 1988. See APPENDIX B hereto for the current and historic tax rates levied within the Project Area, and the assumptions relating to tax rates utilized by the Fiscal Consultant in preparing the Tax Revenue projections.

THE PROJECT AREA

General

The Agency originally created a Redevelopment Plan consisting of 766 acres within the City. In 1984 the Redevelopment Plan was amended to include the 44-acre Rubi Gardens Area, and in 1989 the Redevelopment Plan was again amended to include the 33-acre Storey Avenue Area. The Redevelopment Plan divides the Project Area into nine sub-areas:

Sub-Area 1. The Central Business District of Firebaugh consisting of stores, shops, a bank, offices and restaurants.

Sub-Areas 2 and 4. Predominantly residential neighborhood and a mobile home park.

Sub-Area 3. Commercial area along State Highway 33, the main arterial through Firebaugh. The Southern Pacific Railroad tracks are parallel to State Highway 33.

Sub-Area 5. Packing sheds and ice manufacturing, including Red Rooster, Westside Produce and Toma-Tek.

Sub-Area 6. Firebaugh Municipal Airport and surrounding commercial and industrial lands currently occupied by corporate offices of a large corporate farming organization, farm implements dealers and crop dusting companies.

Sub-Area 7. Agricultural land which is industrially zoned in which a chemical supplier is located. State Highway 33 and the Southern Pacific Railroad run the length of the Project Area.

Sub-Area 8. The 44-acre residential subdivision known as Rubi Gardens. The subdivision was fully improved with public infrastructure in 1983 and 1984. The improved subdivision includes 189 single family lots and a 6-acre multifamily housing parcel. Assessment district bonds, in the approximate amount of \$3.8 million and secured solely by assessment levied on the lots, were issued by the City to finance the cost of completing the public infrastructure, went into default in 1985. Beginning in 1987 and ending in 1990, the City completed two superior court foreclosure proceedings on all 190 lots comprising the subdivision. In July, 1993, the City sold the entire subdivision, including lots 1 through 190, inclusive, to a developer known as Little Stone Creek Partners, a limited partnership, for \$2.1 million. This sale was part of a workout and redemption plan approved by holders of the defaulted assessment district bonds, the City and the Agency. The workout and redemption plan also resulted in the cancellation of all the outstanding, defaulted assessment district bonds and provided all assessment district bondholders with a combination of cash payments and redevelopment agency promissory notes by which the \$2.1 million was to be fully paid to the owners of the defaulted, and now-cancelled assessment district bonds over a period of five years. The Agency promissory notes were payable only from the deferred portion of the land sale purchase price of the subdivision to be paid by Little Stone Creek Partners over a five year period. The promissory notes were not secured by tax increment or by the tax revenues described herein. Escrow closed on the sale, placing this 44-acre subdivision back on the tax rolls, on July 30, 1993. Since 1993, 187 single family homes have been built within the subdivision and a multi-family housing project has been built on the 6-acre parcel. The holders of the defaulted assessment district bonds were required to surrender their bonds to the Agency in order to receive an Agency promissory note. However, by the terms of the workout and redemption plan, all assessment district bonds were cancelled and are of no further effect, whether or not the holders ever surrendered the bonds. Except for a few holders who never surrendered their defaulted assessment district bonds, all bondholders received Agency promissory notes in exchange for their bonds and all the issued promissory notes have been paid in full.

Sub-Area 9. This is the 33-acre Storey Avenue Area. This area has been improved with several projects, including a 120-unit apartment complex, which was completed in 1991, and is presently estimated to have an assessed valuation of approximately \$3,641,140. In addition, this area contains a subdivision of single family homes known as Valle de Paz, which includes approximately 50 single family homes.

The Project Area encompasses approximately 1.33 square miles, which includes approximately 38% of the present area of the City, and includes primarily residential, industrial and commercial uses. The following table illustrates the land use breakdown of secured property in the Project Area for Fiscal Year 2005/06.

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
LAND USE STATISTICS
(Fiscal Year 2005/06)

<u>Land Use</u>	<u>Secured Assessed Value</u>	<u>% of Total Secured AV</u>	<u>Parcels</u>	<u>% of Total Acreage</u>
Agriculture	\$ 642,718	0.56%	7	1.06%
Commercial	16,480,296	14.35	135	20.36
Industrial	55,343,335	48.18	69	10.41
Govt./Social/Institutional	16,575	0.01	7	1.06
Residential/Single Family	31,527,928	27.45	356	53.70
Residential/Multi-Family	10,668,339	9.29	67	10.11
Misc. Residential	8,016	0.01	1	0.15
Vacant	<u>174,334</u>	0.15	<u>21</u>	<u>3.17</u>
Totals	\$114,861,541	100.00%	663	100.00%

Source: Rosenow Spevacek Group Inc.; California Municipal Statistics Inc. compiled from the 2005/06 Fresno County Assessment Roll.

Ten major property owners in the Project Area were identified by the Fiscal Consultant based upon a review of the Fiscal Year 2005/06 locally assessed taxable valuations reported by the County Assessor. The aggregated secured assessed valuation of these property owners is approximately 52% of the entire secured assessed valuation of property within the Project Area.

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
MAJOR PROPERTY TAXPAYERS
(Fiscal Year 2005/06)

<u>Property Owner</u>	<u>Use</u>	<u>No. of Parcels</u>	<u>Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
TOMA-TEK Inc. ⁽²⁾	Industrial	2	\$44,271,209	38.54%
Hacienda Villa Association Ltd. Part. ⁽³⁾	Residential	1	3,636,000	3.17
Westside Produce ⁽²⁾	Industrial	1	3,490,606	3.04
Firebaugh Garden Associates ⁽⁴⁾	Residential	1	1,806,800	1.57
Mendota Land Company ⁽²⁾	Industrial	4	1,640,800	1.43
Amarjit Sangha ⁽²⁾	Commercial	1	1,097,511	0.96
Oscar & Marcia Sablan ⁽²⁾	Commercial/Residential	5	1,074,631	0.94
Ramon & Cecilia Echeveste ⁽²⁾⁽³⁾	Commercial	6	925,770	0.81
Valentin S & Trinidad Bersabe ⁽²⁾	Motel	3	866,136	0.75
Thomason Tractor Co. of Cal. ⁽²⁾	Commercial	<u>1</u>	<u>834,754</u>	<u>0.73</u>
TOTALS		25	\$59,644,217	51.92%

Source: Rosenow Spevacek Group Inc.; California Municipal Statistics Inc. compiled from the 2005/06 Fresno County Assessment Roll.

(1) Based on total Fiscal Year 2005/06 secured assessed value of \$114,861,541.

(2) Located in Original Area.

(3) Located in Storey Avenue Area.

(4) Located in Rubi Gardens Area.

The following information about Toma-Tek, Inc. ("Toma-Tek"), a subsidiary of privately-held Neil Jones Food Company ("Neil Jones"), contained in this Official Statement has been provided by representatives of Toma-Tek and Neil Jones and has not been independently confirmed or verified by either the Underwriter or the Agency. Such information is included because it may be relevant to an informed evaluation of the security for the Bonds. However, no assurance can be given that the property will continue to be owned and operated as described below. No representation is made herein as to the accuracy or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given or incorporated herein by reference is correct as of any time subsequent to its date. Neither Toma-Tek nor Neil Jones is personally liable for payment of the Bonds, and the following information should not be construed to suggest that the Bonds are personal obligations or indebtedness of Toma-Tek or Neil Jones, or any other property owners in the Project Area. Neither Toma-Tek nor Neil Jones is associated, in any way, with the issuance of the Bonds. Neil Jones is a privately-held company does not endorse the Bonds and does not affirm the longevity of the company in the current location.

Toma-Tek is a subsidiary of privately-held Neil Jones of Vancouver, Washington, and operates a 600,000 square foot tomato processing facility in the City. The Firebaugh facility was originally constructed in 1988/89. Toma-Tek is the largest property owner in terms of assessed valuation in the City and in the Project Area, accounting for approximately 38.54% of the secured assessed valuation in the Project Area, and 54.32% of the secured assessed valuation in the Original Area.

Toma-Tek owns three parcels totaling over 97 acres in the City. Two of these parcels (approximately 53 acres) are located in the Project Area. Of these two parcels, one parcel is developed with the processing facility and currently carries an assessed valuation of \$44,118,253. The second parcel is vacant. Toma-Tek has undertaken improvements and expansions on a regular basis to maintain a state-of-the-art-facility at its Firebaugh facilities, and has recently constructed two new warehouses, one in 2003 and one in 2004.

Toma-Tek produces tomato pastes, sauces and diced tomatoes in 300-gallon bag-in-bin and 55 gallon bag-in-barrel for industrial and institutional clients such as restaurants and food manufacturers. Toma-Tek employs 600-700 seasonal workers during the peak summer season, which lasts into September or October depending on the weather. While the company's employment slips to 60-100 in the off-season, efforts are being made to increase products that can be packaged and shipped year-round, thereby allowing Toma-Tek to maintain a higher number of permanent, trained employees.

Toma-Tek contracts with farmers on a seasonal basis and processes approximately 3% to 4% of California's 9½ million tons of tomatoes processed annually. Toma-Tek accounts for approximately one-third of the business of Neil Jones. Neil Jones also operates a processing facility in the City Hollister, California, that handles smaller institutional canned tomato products, a different product line than is produced in the Firebaugh facility according to company officials.

Assessed Valuation

The following table sets forth the taxable assessed valuations for the Project Area for the last five Fiscal Years. According to the County, the assessed valuation of the Project Area for Fiscal Year 2005/06 is \$122,220,845, an increase of approximately 365% over the adjusted Base Year.

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
ASSESSED VALUATIONS
(Fiscal Years 2001/02 to 2005/06)

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Percentage Change</u>
2001/02	\$109,758,073	—
2002/03	107,968,478	(1.63%)
2003/04	113,107,739	4.76
2004/05	119,156,486	5.35
2005/06	122,220,845	2.57

Source: County Auditor-Controller, County of Fresno; Rosenow Spevacek Group, Inc.

Incremental Tax Revenues produced from the incremental increase in assessed value are estimated by the Fiscal Consultant to be approximately \$949,306 in Fiscal Year 2005/06, and Tax Revenues, including housing set-aside revenues relating to the refunding of the 1993 Bonds and the 1996 Bonds, are projected to be approximately \$637,111. For projections of growth in incremental assessed valuation and Tax Revenue, see "Projected Tax Revenue" below.

The following tables illustrate the County's calculation of taxable net assessed value and incremental value for property within the Project Area for Fiscal Year 2005/06.

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
INCREMENTAL ASSESSED VALUE
(Fiscal Year 2005/06)

	<u>Original Area</u>	<u>Rubi Gardens Area</u>	<u>Storey Avenue Area</u>	<u>Total Project Area</u>
Local Secured	\$81,507,459	\$19,568,911	\$13,785,171	\$114,861,541
Public Utility	1,001,179	0	0	1,001,179
Unsecured	<u>6,358,125</u>	<u>0</u>	<u>0</u>	<u>6,358,125</u>
Total	88,866,763	19,568,911	13,785,171	122,220,845
Less: Base Year	<u>24,088,909</u>	<u>2,080,169</u>	<u>110,927</u>	<u>26,280,005</u>
Incremental Value	\$64,777,854	\$17,488,742	\$13,674,244	\$95,940,840

Source: County of Fresno; Rosenow Spevacek Group, Inc.

Current Development in the Project Area

In addition to the assessed value projections shown herein, while there is currently no new development recently completed or under construction in the Project Area, the Fiscal Consultant has estimated that increased assessed value due to changes in ownership during the first seven months of 2005 will add a total of approximately \$753,424 in assessed value. This value has been included in the projections of assessed value.

Secured Tax Levy and Collections

The County currently computes preliminary incremental assessed values for redevelopment project areas by property category early in each fiscal year, and again after the equalized values are available. With the exception of supplemental revenues, the County's current policy is that tax disbursements to redevelopment agencies are not impacted by delinquencies or roll adjustments. The majority of the tax increment revenues received by the Agency are disbursed in two payments by the County: 50% in January and 50% in May. Since 1989, unitary revenues have been disbursed separately, lagging behind tax increment disbursements by fifteen to sixty days. In addition, supplemental revenues (resulting from a one time "additional" assessment of property at the time of a change in ownership or completion of construction) are disbursed as collected, on a monthly basis.

The County currently accounts for delinquencies and taxable value changes only on a County-wide basis. Taxing entities are impacted by delinquencies and value changes that occur throughout the County, and are only indirectly impacted by changes within their specific jurisdictions. It is the County's current policy to allocate to redevelopment agencies one hundred percent (100%) of the calculated tax increment due the project area without adjustment for delinquencies, redemption payments or roll adjustments. This policy is set administratively and is therefore subject to change. The following table shows the tax collection in the Project Area for the past four Fiscal Years.

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH FIREBAUGH REDEVELOPMENT PROJECT HISTORIC TAX COLLECTION (Fiscal Years 2001/02 - 2004/05)

<u>Fiscal Year</u>	<u>Total Levy⁽¹⁾</u>	<u>Total Receipts⁽²⁾</u>	<u>Percent Collections</u>
2004/05	\$813,157	\$913,180	112.3%
2003/04	763,160	845,339	110.8
2002/03	715,598	858,732	120.0
2001/02	730,730	824,198	112.8

Source: Fresno County Auditor/Controller's Office.

(1) Estimated, net of County administrative charges and pass-through payments.

(2) Includes supplemental payments and County administrative charge.

Assessment Appeals

There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the Assessor immediately subsequent to a change in ownership or completion of new construction. If the base year value assigned by the Assessor is reduced, the valuation of the property cannot increase in subsequent years more than two percent annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value.

The County experienced a high level of assessment appeals in the late 1990's, and significant appeals to assessed values in the Project Area may be filed from time to time in the future. The Agency cannot predict the extent of these appeals or their likelihood of success.

There is currently one appeal request on record with the County which the Fiscal Consultant estimates, if completely successful, would decrease the Fiscal Year 2005/06 and subsequent assessed value of property within the Project Area by approximately \$98,200 (0.08%). The County has two (2) years from the date of filing to rule on appeal requests. If the County reduces the assessed value of any parcel, there can be no assurance that the reduction will be by the amount estimated by the Fiscal Consultant. Also, additional appeals on property within the Project Area may be filed in the future.

See APPENDIX B hereto for a discussion of the pending aggregated assessment appeals in the Project Area, and a projection of the estimated impact of pending appeals on assessed value.

Historical Tax Revenues

The following tables show the historical tax increment for Fiscal Years 2001/02 through 2004/05 for the Project Area, the estimated tax increment for Fiscal Year 2005/06, and the Tax Revenues for such years. See "SECURITY FOR THE BONDS – Alternative Method of Tax Apportionment ("Teeter Plan")" herein. The historic taxable values reported by the Fresno County Auditor-Controller for the Project Area reflect an average overall increase of 2.83% for the period of Fiscal Years 2001/02 through 2005/06. The year-to-year changes in total Project Area value during such time ranged from a high of 5.85% in 2004/05 to a low of (1.63%) in 2002/03.

See APPENDIX B hereto for a description of factors which have affected assessed valuation in the Project Area, including estimates of decreases due to assessment appeals, and increases projected due to new development and reassessments triggered by property transfers.

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH FIREBAUGH REDEVELOPMENT PROJECT HISTORICAL TAX REVENUES (Fiscal Years 2001/02 – 2005/06)

<u>Fiscal Year</u>	<u>Assessed Value⁽¹⁾</u>	<u>Incremental Value Over Base Year</u>	<u>Tax Increment Revenue⁽²⁾</u>	<u>Housing Set Aside</u>	<u>Pass Through⁽³⁾</u>	<u>Tax Revenues</u>
2001/02	\$109,758,073	\$83,454,068	\$813,951	(\$164,511)	(\$83,221)	\$566,219
2002/03	107,968,478	81,688,473	796,731	(166,753)	(81,133)	548,845
2003/04	113,107,739	86,827,734	846,855	(164,069)	(83,695)	590,091
2004/05	119,156,486	92,876,481	905,850	(184,021)	(92,693)	629,136
2005/06 ⁽⁴⁾	122,220,845	95,940,840	926,997	(191,882)	(98,004)	637,111

Source: Redevelopment Agency of the City of Firebaugh and Rosenow Spivack Group, Inc.

(1) Actual assessed value amounts.

(2) Reflects deduction of County administration fee. Reflects actual receipts (except for Fiscal Year 2005/06), including supplemental payments.

(3) See "SECURITY FOR THE BONDS – Pass-Through Agreements" herein.

(4) Estimated.

Projected Tax Revenues

The Fiscal Consultant currently projects that Incremental Tax Revenues produced in the Project Area will be approximately \$949,306 in Fiscal Year 2005/06, an increase of \$20,542 (2.21%) from Fiscal Year 2004/05. The anticipated Tax Revenues in Fiscal Year 2006/07 available to pay the non-housing component of debt service on the Bonds are projected to be \$569,040, and are net of pass-through payments, County administrative charges and the 20% housing set-aside amount. The anticipated Tax Revenues in Fiscal Year 2006/07 available to pay the housing component of debt service on the Bonds (related to the refunding of the 1993 Bonds and the 1996 Bonds used for qualified housing purposes) are projected to be \$197,368, and are net of County administrative charges. In addition, the Fiscal Consultant has not assumed any growth in other assessed value. See APPENDIX B hereto and "Assessment Appeals" above for a discussion of the Fiscal Consultant's assumptions regarding assessment appeals. Maximum annual debt service on the Bonds, which occurs in the year ending December 1, 2032, is \$556,885.

The following tables show the projected valuation of taxable property in the Project Area and the projected Tax Revenues available to pay the non-housing component of debt service on the Bonds, and the projected Tax Revenues available to pay the housing component of debt service on the Bonds. These projections are based on assessed valuation for the 2005/06 Fiscal Year, plus additional valuation of \$753,424 representing recent sales in the Project Area (as described under "Current Development in the Project Area" above) and less anticipated assessment appeal reductions (as described under "Assessment Appeals" above), and certain assumptions (as set forth therein) relating to increases in real property value. Such projections are estimates only and no assurance can be given that such projections will be achieved.

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
PROJECTED NON-HOUSING TAX REVENUES
FISCAL YEARS 2005/06 – 2011/12

<u>Fiscal Year</u>	<u>Assessed Value⁽¹⁾</u>	<u>Incremental Value Over Base Year</u>	<u>Tax Increment Revenue⁽²⁾</u>	<u>Housing Set Aside⁽³⁾</u>	<u>Senior Pass Through⁽⁴⁾</u>	<u>Non-Housing Tax Revenues⁽⁵⁾</u>
2005/06	\$122,220,845	\$95,940,840	\$ 926,997	(\$191,882)	(\$ 98,004)	\$637,111
2006/07	125,271,499	98,684,249	953,544	(197,368)	(187,136)	569,040
2007/08	126,991,945	100,711,940	973,109	(201,424)	(191,602)	580,083
2008/09	129,384,598	103,104,593	996,241	(206,209)	(196,945)	593,087
2009/10	131,825,093	105,545,098	1,019,837	(211,090)	(202,774)	605,973
2010/11	134,314,420	108,034,415	1,043,905	(216,069)	(208,720)	619,115
2011/12	136,853,522	110,573,517	1,068,453	(221,147)	(230,904)	616,452

Source: Redevelopment Agency of the City of Firebaugh, Rosenow Spivacek Group, Inc. and Del Rio Advisors, LLC.

- (1) Total assessed value for Fiscal Year 2005/06 plus a 2% inflation rate on real property values (land and improvements) thereafter. In addition, the projection includes unitary property value of \$1,001,179 in each year, and \$753,424 of from recent sales in Fiscal Year 2006/07.
- (2) Tax Increment projections are based on a tax rate of 1.00% , less the County administration fee.
- (3) Housing Set Aside is 20% of gross Incremental Tax Revenues to Agency. See "SECURITY FOR THE BONDS – Low and Moderate Income Housing Requirements" herein.
- (4) See "SECURITY FOR THE BONDS – The Pass-Through Agreements."
- (5) Tax Revenues are Incremental Tax Revenues less Housing Set-Aside and Pass-Through payments, plus Pledged Housing Set-Aside.

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
PROJECTED HOUSING TAX REVENUES
FISCAL YEARS 2005/06 – 2011/12

<u>Fiscal Year</u>	<u>Assessed Value⁽¹⁾</u>	<u>Incremental Value Over Base Year</u>	<u>Tax Increment Revenue⁽²⁾</u>	<u>Housing Set-Aside⁽³⁾</u>
2005/06	\$122,220,845	\$95,938,840	\$ 926,997	\$191,882
2006/07	125,271,499	98,991,494	953,473	197,368
2007/08	126,991,945	100,711,940	973,109	201,424
2008/09	129,384,598	103,104,593	996,241	206,209
2009/10	131,825,093	105,545,098	1,019,837	211,090
2010/11	134,314,420	108,034,415	1,043,905	216,069
2011/12	136,853,522	110,573,517	1,068,453	221,147

Source: Redevelopment Agency of the City of Firebaugh, Rosenow Spevacek Group, Inc. and Del Rio Advisors, LLC.

- (1) Total assessed value for Fiscal Year 2005/06 plus a 2% inflation rate on real property values (land and improvements) thereafter. In addition, the projection includes unitary property value of \$1,001,179 in each year, and \$753,424 of from recent sales in Fiscal Year 2006/07.
- (2) Tax Increment projections are based on a tax rate of 1.00% , less the County administration fee.
- (3) Housing Set Aside is 20% of gross Incremental Tax Revenues to Agency. See "SECURITY FOR THE BONDS – Low and Moderate Income Housing Requirements" herein. Reflects amount of Housing Set-Aside available to pay debt service on the refunding portion of the 1993 Bonds and the 1996 Bonds used for qualified housing purposes. Such amounts are not available for payment of any other portion of debt service on the Bonds.

Estimated Debt Service Coverage

The following tables set forth the estimated Tax Revenues available for debt service coverage for non-housing and housing components of the Bonds. There can be no assurance that such projected Tax Revenues will be obtained. For a discussion of certain matters that will or could cause reductions in the Tax Revenues available in future years, see "RISK FACTORS AND LIMITATIONS ON TAX REVENUES" herein.

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
ESTIMATED NON-HOUSING DEBT SERVICE COVERAGE

<u>Fiscal Year</u>	<u>Total Projected Non-Housing Tax Revenues⁽¹⁾</u>	<u>Non-Housing Debt Service</u>	<u>Coverage Ratio</u>	<u>Excess Non-Housing Tax Revenues</u>
2005/06	\$637,111	\$488,085 ⁽²⁾	1.30	\$149,026
2006/07	569,040	470,452	1.21	98,588
2007/08	580,083	482,577	1.20	97,506
2008/09	593,087	493,552	1.20	99,536
2009/10	605,973	503,302	1.20	102,671
2010/11	619,115	507,302	1.22	111,813
2011/12	616,452	505,302	1.22	111,150

Source: Redevelopment Agency of the City of Firebaugh, Rosenow Spevacek Group, Inc., Del Rio Advisors, LLC and M.L. Stern & Co., LLC.

- (1) See "Projected Non-Housing Tax Revenues" above.
(2) Includes debt service on Prior Bonds prior to Closing Date.

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT
ESTIMATED HOUSING DEBT SERVICE COVERAGE

<u>Fiscal Year</u>	<u>Total Projected Housing Tax Revenues⁽¹⁾</u>	<u>Housing Debt Service⁽²⁾</u>	<u>Coverage Ratio</u>	<u>Excess Housing Tax Revenues⁽⁴⁾</u>
2005/06	\$191,882	\$73,649 ⁽³⁾	2.60	\$118,233
2006/07	197,368	33,144	5.95	164,225
2007/08	201,424	33,144	6.08	168,280
2008/09	206,209	33,144	6.22	173,066
2009/10	211,090	33,144	6.37	177,947
2010/11	216,069	33,144	6.52	182,925
2011/12	221,147	33,144	6.67	188,004

Source: Redevelopment Agency of the City of Firebaugh, Rosenow Spevacek Group, Inc., Del Rio Advisors, LLC and M.L. Stern & Co., LLC.

- (1) See "Projected Housing Tax Revenues" above.
(2) Debt service on the refunding portion of the 1993 Bonds and the 1996 Bonds used for qualified housing purposes.
(3) Includes debt service on Prior Bonds prior to Closing Date.
(4) Such amounts are not available for payment of any other portion of debt service on the Bonds.

RISK FACTORS AND LIMITATIONS ON TAX REVENUES

The following summaries do not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds, and the Official Statement should be read in its entirety.

Tax Revenues

Tax Revenues which secure the Bonds are determined by the incremental assessed value of taxable property in the Project Area, the current rate or rates at which property in the Project Area is taxed, and the percentage of taxes collected in the Project Area. Several types of events which are beyond the control of the Agency could occur and cause a reduction in available Tax Revenues. A reduction of taxable values of property in the Project Area or a reduction of the rate of increase in taxable values of property in the Project Area caused by economic or other factors beyond the Agency's control (such as a relocation out of the Project Area by one or more major property owners, successful appeals by property owners for a reduction in a property's assessed value, a reduction in the rate of transfers of property, construction activity or other events that permit reassessment of property at lower values, or the destruction of property caused by natural or other disasters, including earthquakes) could occur, thereby causing a reduction in the Tax Revenues. This risk increases in proportion to the percent of total assessed value attributable to any single assessee in the Project Area and in relation to the concentration of property in the Project Area in terms of size or land use (see "THE PROJECT AREA — General" hereunder). The ten largest property tax payers in the Project Area account for approximately 52% of secured assessed value in Fiscal Year 2005/06. Any reduction in Tax Revenues from the Project Area could have an adverse effect on the Agency's ability to meet its obligations under the Indenture and the Agency's ability to pay the principal of and interest on the Bonds.

Any reduction in the tax rate applicable to property in the Project Area, by reason of discontinuance of certain override tax levies in excess of the 1% basic levy, will reduce the Tax Revenues. Such override can be expected to decline over time until it reaches the 1% basic levy and may be discontinued at any time, which may cause a reduction in the Tax Revenues.

Estimated Revenues

The Fiscal Consultant has based its projections on certain assumptions with regard to development in the Project Area and Tax Revenue growth. See APPENDIX B hereto for a discussion of these assumptions. Additionally, no level of growth in the assessed value of property in the Project Area can be assured. These projections are based on assessed valuation for the 2005/06 Fiscal Year, include \$753,424 of recent sales, assume that real property assessed value will increase by up to 2% a year, and that there will not be any growth in the assessed value of other property. There can be no assurance that assessed values will increase as projected, if at all. See "THE PROJECT AREA" hereto for a discussion of these assumptions.

The Fiscal Consultant has reviewed the assessed valuation of property in the Project Area and has estimated the Tax Revenues in Fiscal Year 2006/07 available to pay the non-housing component of debt service on the Bonds are projected to be \$569,040, and the anticipated Tax Revenues available to pay the housing component of debt service on the Bonds (related to the refunding of the 1993 Bonds and the 1996 Bonds used for qualified housing

purposes) are projected to be \$197,368. Maximum annual debt service on the Bonds is \$556,885, which is payable in the Bond Year ending December 1, 2032.

Any reduction in assessed value in the Project Area, reduction in tax rates or reduction in taxes collected would reduce the Tax Revenues available to pay debt service on the Bonds. See "RISK FACTORS AND LIMITATIONS ON TAX REVENUES – Property Tax Administrative Costs" herein. See also "THE PROJECT AREA" hereto for a summary of historical assessed valuation of property in the Project Area, current assessment appeals and historical delinquencies.

If, as a result of some cause in the future, the Agency is found to have not met its annual funding requirements for the Low and Moderate Income Housing Fund, Tax Revenues from the Project Area in later years could be reduced, thus adversely affecting the Agency's ability to make timely payments of principal and interest on the Bonds. See "SECURITY FOR THE BONDS – Low and Moderate Income Housing Requirements" herein.

Concentration of Ownership

The largest secured local taxpayer in the Project Area (constituting approximately 38.5% of the Fiscal Year 2005/06 secured assessed value in the Project Area) is a tomato processing plant ("Toma-Tek, Inc.") (see "THE PROJECT AREA – General" herein). While the Agency believes Toma-Tek to be a viable and profitable enterprise, its business is, by nature, dependent upon various unpredictable climatic, environmental and market forces, and, factors affecting agriculture generally. In addition, Toma-Tek could opt to relocate, which would likely have significant negative impact on the assessed valuation of the Toma-Tek property and the Incremental Tax Revenues derived from such property. The impact of the various other risks stated in this section, could be exaggerated should any such risk negatively impact Toma-Tek (see "Bankruptcy and Foreclosure," "Natural Disasters; Seismic Hazards," "Hazardous Substances," "Economic Risks" and other sections herein).

Parity Debt

Although the Agency has covenanted not to issue obligations senior to the Bonds, the Indenture permits the issuance by the Agency of certain indebtedness which may have a lien upon the Tax Revenues which is on a parity basis to the lien of the Bonds, if certain coverage tests are met (see "THE BONDS – Parity Debt" herein). These coverage tests involve, to some extent, projections of Incremental Tax Revenues. If such indebtedness is issued, the debt service coverage for the Bonds will be diluted below what it otherwise would be subject to under the coverage tests. Moreover, there is no assurance that the assumptions which form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Tax Revenues may be less than projected, and the actual amount of Tax Revenues may be insufficient to provide for the payment of debt service on the Bonds and such additional indebtedness.

Current Litigation

There is no controversy or litigation now pending against the Agency or, to the knowledge of its officers, threatened, restraining or enjoining the sale, execution or delivery of the Bonds or the Indenture, or in any way contesting or affecting the validity of the Bonds or the Indenture, or the ability of the Agency to receive and pledge the Tax Revenues as provided for in the Indenture.

Change in Law

In addition to the other limitations on Incremental Tax Revenues described below, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease with the effect of reducing Incremental Tax Revenues payable to the Agency. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce the Incremental Tax Revenues and adversely affect the security of the Bonds.

No Acceleration

In the event of default in the payment of the Bonds, there is no remedy of acceleration of the debt service on the 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 two 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. See the material below for a discussion of how this measure or other initiative measures adopted by the California electorate could reduce Tax Revenues.

Levy and Collection

The Agency has no 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 pay debt service on the Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments. See "Property Tax Collection Procedures" below.

Natural Disasters; Seismic Hazards

Natural disasters, including floods and earthquakes, could damage improvements and/or property in the Project Area, or impair the ability of landowners within the Project Area to develop their properties or to pay property taxes.

While the City is located within a regional network of several active and potentially active faults, there are no known active faults which underlie the City. Past experiences have resulted in minimal damage to the infrastructure and property within the Project Area. If an earthquake were to substantially damage or destroy taxable property within a Project Area, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds.

The property within the Project Area is generally within certain designated flood plain areas designated by the Federal Emergency Management Administration on its most current Flood Insurance Rate Map (FIRM) on file with the City.

Hazardous Substances

An environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of hazardous substance that would limit the beneficial use of a 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 Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated 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, would be to reduce the marketability and value of the property by the costs of remedying the condition, since the purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller.

Assessment Appeals

Property taxable values may be reduced as a result of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the Project Area and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues. The Agency has in the past experienced reductions in its tax increment revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. See "THE PROJECT AREA – Assessment Appeals" herein for a discussion of historical assessment appeals in the Project Area. While the Fiscal Consultant has estimated the impact of property tax assessment appeals, there can be no assurance that the actual result of the appeals will correspond to such projections.

Economic Risks

The Agency's ability to make payments on the Bonds will be partially dependent upon the economic strength of the Project Area. If there is a decline in the general economy of the Project Area, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of Tax Revenues. Furthermore, general economic declines are likely to result in additional reductions of assessed values as has occurred in each of the past four years. In the event of decreased values, Tax Revenues may decline even if property owners make timely payment of taxes. See "THE PROJECT AREA" herein for a discussion of historical decreases in assessed values within the Project Area, possible developments in the City which may effect the overall economic viability of the City and the Project Area, and a description of the principal taxpayers of the parcels in the Project Area.

State Budget Deficit

In connection with its approval of a budget for the 2002/03 Fiscal Year, the State Legislature enacted Assembly Bill 1768, effective September 30, 2002, which reallocated \$75 million from redevelopment agencies to school districts during the 2002/03 Fiscal Year.

Each agency's proportionate share of such amount was required to be transferred to the county auditor for deposit in the Educational Revenue Augmentation Fund prior to May 10, 2003. The Agency's share of this reallocation was approximately \$66,767, and was transferred as required by Assembly Bill 1768.

On July 27, 2003, in connection with its approval of a budget for the 2003/04 Fiscal Year, the State Senate adopted AB 1755, which would have reallocated \$250 million from redevelopment agencies to school districts during the 2003/04 Fiscal Year. On July 29, 2003, in connection with its approval of a budget for the 2003/04 Fiscal Year, the State Assembly adopted SB 1045, which reallocated \$135 million from redevelopment agencies to school districts during the 2003/04 Fiscal Year. On August 3, 2003 the Governor signed the budget bill for Fiscal Year 2003/04, and on August 19, 2003, the State Senate voted to concur with the Assembly on SB 1045, and the governor signed the bill on September 1, 2003. The Agency's share of the \$135 million shift, which was due May 14, 2004, was approximately \$49,507, which it paid from a combination of permissible borrowing from the Low and Moderate Income Housing Fund and excess Incremental Tax Revenues from the Project Area.

The Fiscal Year 2004/05 State budget was passed by the Legislature on July 29, 2004, and was signed into law by the Governor on July 30, 2004. The 2004/05 budget shifted \$1.3 billion in revenues from local government to schools in both Fiscal Year 2004/05 and 2005/06. In connection with its approval of a budget for the 2004/05 Fiscal Year, the State Legislature adopted SB 1096, which reallocates \$250 million from redevelopment agencies to school districts in both the 2004/05 and 2005/06 Fiscal Years. The Agency's share of the \$250 million shift is approximately \$84,041 in each Fiscal Year. The Agency paid the first year's payment from excess Incremental Tax Revenues from the Project Areas and further borrowing from the Low and Moderate Income Housing Fund, and expects to pay the second year's payment, due May 10, 2006 from the same sources.

In addition, in connection with the shift of Incremental Tax Revenues, (i) SB 1045 allowed the Agency to extend the effective date of the Redevelopment Plans, and the date to receive Incremental Tax Revenues, by one year, and (ii) SB 1096 allowed the Agency to extend the effective date of the Redevelopment Plans, and the date to receive Incremental Tax Revenues, by two years if the legislative body finds the Agency is in compliance with major housing requirements. The City Council, as the legislative body of the Agency, took such action on October 3, 2005.

The State budget for Fiscal Year 2005/06 was adopted without any further shift of funds. Information about the State budget is regularly available at various State-maintained websites. The Fiscal Year 2005/06 State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Additionally, an impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the Agency, and the Agency takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

In connection with the shift of \$2.6 billion of local agency revenues to school funding in the Fiscal Year 2004/05 budget, the Legislature and the Governor agreed to place Proposition 1A, entitled "Protection of Local Government Revenues," on the November 2, 2004 ballot ("Proposition 1A"), and it was approved by the voters. Proposition 1A amends the California Constitution to, among other things, prohibit the shift of property tax revenues from

cities, counties and special districts, except to address a “severe state financial hardship” (and only then if (x) such amounts were to agreed to be repaid with interest within three years, (y) the State had repaid any other borrowed amounts, and (z) such borrowing could not occur more often than twice in ten years). However, Proposition 1A does not specifically protect against reallocation of redevelopment agency funds to other uses within a corresponding city or county.

The budget bills do not resolve the State’s budget deficit. Certain litigation is challenging some of the revenue enhancements provided in the current budget, and if such litigation is ultimately successful or results in a significant delay in realizing such revenues, it will result in a material increase of the State budget deficit. It is therefore anticipated that there will be additional future legislation which addresses this situation. The Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future. Given the magnitude of the State’s budgetary deficit, it is possible that future legislation will further reduce or require a further shift of Incremental Tax Revenues. The Agency cannot predict whether future State Budget legislation will further divert moneys from redevelopment agencies, and the effect such diversion would have on the receipt of Incremental Tax Revenues and, accordingly, the payment of debt service on the Bonds.

Direct and Overlapping Indebtedness

The ability of land owners within the Project Area to pay property tax installments as they come due could be affected by the existence of other taxes and assessments, imposed upon the land. In addition, other public agencies whose boundaries overlap those of the Project Area could, without consent of the Agency, and in certain cases without the consent of the owners of the land within the Project Area, impose additional taxes or assessment liens on the property to finance public improvements. See “Bankruptcy and Foreclosure” below.

Bankruptcy and Foreclosure

The payment of property taxes by owners may be limited by bankruptcy, insolvency, or other laws generally affecting creditors rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the property tax obligation of a landowner to become extinguished, such bankruptcy could result in a delay in collection of Tax Revenues, and would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Property Tax and Spending Limitations

Article XIII A of the California Constitution. Section 1(a) of Article XIII A of the California Constitution limits the maximum ad valorem tax on real property to one percent of full cash value, to be collected by the counties and apportioned according to law. Section 2 of Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent (2%) per year, or reduction in the consumer price index or comparable

data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the California Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

In the general elections of 1986, 1988, and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment will reduce the tax increment of the Agency. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, 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, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within that county and the original property is located in another county within California.

In the June 1990 election, the voters of the State approved additional amendments to Article XIII A permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of "new construction" triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Both the California Supreme Court and the United States Supreme Court have upheld the constitutionality of Article XIII A.

Article XIII B of the California Constitution. On November 6, 1979, California voters approved Proposition 4, the 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.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Redevelopment Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B or any statutory provision enacted in implementation thereof.

The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely* and *Brown v. Community Redevelopment Agency of the City of Santa Ana*.

Proposition 218. On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIC and XIID to the State Constitution, which contain a number of provisions affecting the ability of the public agencies to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIIC removes limitations on the initiative power in matters of local taxes, special taxes, assessments, fees and charges. While the matter is not free from doubt, it is likely that a court would hold that the initiative power cannot be used to reduce or repeal the levy of property taxes or to materially affect the collection and pledge of Tax Revenues.

The interpretation and application of the initiative provisions of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and while it is not possible at this time to predict with certainty the outcome of such determination, the Agency does not believe that Proposition 218 will materially affect its ability to pay principal of or interest on the Bonds.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1.00 per \$100 of taxable value. Tax rates for bond debt service and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, two percent (2%) annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The Agency is unable to predict the nature or magnitude of future revenue sources which may be provided by the State of California (the "State") to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other ad valorem property tax above the one percent (1%) limit except for taxes to support indebtedness approved by the voters as described above.

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 other liens (except certain federal claims) 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 the taxes on unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections and Distributions. The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and March 1. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. If such taxes remain unpaid as of June 30 of the fiscal year in which the taxes are levied, the property securing the taxes may only be redeemed by a payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of 1-1/2% per month from the original June 30th date to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted properties are thereafter subject to sale by the county tax collector as provided by law.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if unpaid by August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1-1/2% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing of 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) secure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

See "THE PROJECT AREA - Secured Tax Levy and Collecting" herein for a discussion of the County's current policy of allocating tax revenues to redevelopment agencies.

Supplemental Assessments. A bill enacted in 1983, SB 813 (Chapter 498, Statutes of 1983), provided for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. This legislation eliminated delays in the realization of increased property taxes from new assessments, and provided 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 January 1 lien date. To the extent such supplemental assessments occur within the Project Area, Incremental Tax Revenues may increase.

Property Tax Administrative Costs

In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax

revenues to local government jurisdictions on a prorated basis. The County currently deducts the Agency's prorated share of administrative costs before apportioning the Incremental Tax Revenues to the Agency. The County fee for Fiscal Year 2004/05 was approximately \$18,719 for the Project Area.

The projections of Tax Revenue described herein under the heading "THE PROJECT AREA" reflect estimated reductions for such collection fees.

Unitary Property

Assembly Bill 2890 (Statutes of 1986, Chapter 1457), which added Section 98.9 to the California Revenue and Taxation Code, provided 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) was 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 was changed from March 1 to January 1.

Assembly Bill 454 (Statutes of 1987, Chapter 921) further modified the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provided for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provided for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the one percent tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 was to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization.

The Incremental Tax Revenues attributable to unitary public property for Fiscal Year 2004/05 were approximately \$10,010 in the Project Area. The Fiscal Consultant projects that the Incremental Tax Revenues attributable to unitary public property for Fiscal Year 2005/06 will be approximately \$10,012 in the Project Area.

Additional Limitation on Tax Revenues

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the California Constitution to provide that property tax

revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on bonded indebtedness approved by the voters of the taxing entity after January 1, 1989, will be allocated to the taxing entity and not to the redevelopment agency. The Agency does not currently project receiving any Incremental Tax Revenues as a result of general obligation bonds which were approved on or after January 1, 1989.

Low and Moderate Income Housing Requirements

Pursuant to the Act, housing set-aside funds may be pledged only to the repayment of bonds to the extent proceeds of such bonds are expended on qualifying housing purposes. The Agency is subject to this statutory requirement. Since the Agency is using a portion of the proceeds of the Bonds to satisfy the set-aside requirements (since it is refunding a portion of the 1993 Bonds and the 1996 Bonds which were used for such purposes), Tax Revenues include a related amount of the 20% set-aside. See "SECURITY FOR THE BONDS – Low and Moderate Income Housing Requirement" herein.

Tax Increment Limitation

The Redevelopment Plan provides that the total amount of Incremental Tax Revenues which may be divided and allocated to the Agency pursuant to the Redevelopment Plan from the Original Area may not exceed \$40,000,000, unless the Redevelopment Plan is amended to provide a greater amount. Total outstanding principal of bonds payable from such tax increment may not at any time exceed \$40,000,000. Based on Agency records, the Agency has received approximately \$9,639,406 of Incremental Tax Revenues from the Project Area through June 30, 2005. Incremental Tax Revenues pledged to existing obligations, including debt service on the Bonds, totals approximately \$15,866,063. Upon issuance of the Bonds, the total principal amount of Outstanding Bonds payable from Incremental Tax Revenues is \$7,220,000. The Agency has covenanted to manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Agency to pay the principal of and interest and premium (if any) on the Bonds and any Parity Debt when due.

Assembly Bill 1290 ("AB 1290") was signed into law by the Governor in December 1993 and amends various provisions of the Act. AB 1290 provides for the placement of time limits on the effectiveness of every redevelopment plan, and provides that after 10 years from the termination date of a plan's effectiveness, no redevelopment agency, subject to certain exceptions, shall pay indebtedness or receive property taxes in connection therewith. The expiration date of the components of the Redevelopment Plan, the final date to incur indebtedness (as permitted in the Indenture) and the final date to receive Incremental Tax Revenues from each component of the Project Area is set forth under "THE REDEVELOPMENT PLAN – Plan Limitations". Debt service has been structured to reflect the decrease in Tax Revenues resulting from termination of the effective date of each component of the Project Area. See "Senate Bill 211" below for a discussion of changes in the Act which could allow further extensions of these dates.

In addition, in connection with the shift of certain Incremental Tax Revenues, SB 1045 and SB 1096 allow the Agency to extend the effective date of the Redevelopment Plan, and the date to receive Incremental Tax Revenues, by up to three years. The Agency has taken such action (see "State Budget Deficit" above).

Senate Bill 211

On October 10, 2001, the Governor of the State signed into law Senate Bill 211 ("SB 211"), which allows redevelopment agencies to eliminate the time limits on their ability to incur debt for project areas established prior to January 1, 1994. Additionally, SB 211 allows redevelopment agencies to extend the termination date of their redevelopment plans and the deadline for the receipt of tax increment for the repayment of debt by 10 years for project areas established prior to January 1, 1994. In order to extend the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain findings of blight in the applicable project areas. Additionally, if a redevelopment agency elects to extend the time limits on the incurrence of debt, the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain additional statutory pass-throughs to other taxing entities and the housing set-aside amount increases from 20% to 30%. While the Agency does not currently have any intention of extending Project Area limits as provided in SB 211, in the event it does elect to extend the deadlines to extend the termination of the Redevelopment Plan or for the receipt of tax increment for the Project Area, the growth of Tax Revenues, if any, would be negatively affected by the statutory pass-through payments.

Early Redemption of Premium Bonds

Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated for federal tax purposes as having amortizable premium. If such Premium Bonds are redeemed prior to maturity (or, in some cases, prior to a scheduled prepayment date) as described herein under "THE BONDS – Redemption," not all of the amortized premium may be realized by the Owner. The Premium Bonds are treated as all other Bonds for purposes of selection for redemption prior to maturity as described herein.

Loss of Tax Exemption

As discussed in this Official Statement under the caption "TAX MATTERS," interest on the Series A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series A Bonds were issued, as a result of future acts or omissions of the Agency in violation of its covenants in the Indenture. Should such an event of taxability occur, the Series A Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

No Rating; Absence of Market for the Bonds

No application has been made for a credit rating for the Bonds, and it is not known whether a credit rating for the Bonds could be secured either now or in the future. There can be no assurance that there will ever be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms that may make the secondary market, and the financial condition of the Agency and the property in the Project Area.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporation, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings, and the Series A Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code") such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Code), a deduction for federal income tax purposes is allowed for 80 percent of that portion of such financial institution's interest expenses allocable to interest payable on the Series A Bonds. Interest on the Series B Bonds is not excluded from gross income for federal income tax purposes.

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

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

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

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

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

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

A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

BANK QUALIFIED

The Agency has designated the Series A Bonds "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(3) of the Code), a deduction is allowed for 80% of that portion of such financial institutions' interest expense allocable to interest on the Series A Bonds.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will render an opinion with respect to the validity and enforceability of the Indenture, and as to the validity of the Bonds. Certain matters will be passed upon for the Agency by Agency Counsel and the City Attorney, and by Nossaman, Guthner, Knox & Elliott, LLP, Irvine, California, Disclosure Counsel.

LITIGATION

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

FINANCIAL ADVISOR

The Agency has retained A. M. Peché & Associates LLC, Alameda, California, as Financial Advisor for the sale of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. A. M. Peché & Associates LLC is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal or other public securities.

PROFESSIONAL FEES

In connection with the execution of the Bonds, fees payable to A. M. Peché & Associates LLC, as Financial Advisor, Jones Hall, A Professional Law Corporation, as Bond Counsel, Del Rio Advisors, LLC as Cash Flow Consultant, Nossaman, Guthner, Knox & Elliott, LLP, as Disclosure Counsel, and The Bank of New York Trust Company, N.A., as Trustee are contingent upon the execution and delivery of the Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Execution and delivery of the Series A Bonds will be subject to the delivery by Grant Thornton LLP, of a report of the mathematical accuracy of certain computations, contained in schedules provided to them by the Agency's Cash Flow Consultant, Del Rio Advisors, LLC, relating to (a) the adequacy of the maturing principal amounts of the United States government obligations held under the Escrow Agreements, interest earned thereon and certain other uninvested cash to pay principal of and interest with respect to each of the Prior Bonds, and (b) the computations of actuarial yields relied upon by Bond Counsel to support its conclusion that the Series A Bonds are not arbitrage bonds within the meaning of Section 148 of the Code.

NO RATING

The Agency has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds.

UNDERWRITING

The Agency has agreed to sell the Bonds to the Authority, which will then sell the Bonds to M.L. Stern & Co., LLC (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Series A Bonds from the Authority at a purchase price of \$3,675,000.00 (the principal amount of the Series A Bonds, less an Underwriter's discount in the amount of \$94,250.00, and to purchase the Series B Bonds from the Authority at a purchase price of \$3,363,750.00 (the principal amount of the Series B Bonds, less an Underwriter's discount in the amount of \$86,250.00. The obligations of the Underwriter are subject to certain conditions precedent, and it will be obligated to purchase all such Bonds if any such Bonds are purchased. The public offering prices of the Bonds may be changed from time to time by the Underwriter.

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

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries and do not purport to be complete or definitive. Prospective purchasers of the Bonds are advised to refer to such documents and reports for full and complete statements of their contents. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or Owners of any of the Bonds. The execution of this Official Statement and its use in connection with the offering of the Bonds for sale have been authorized by the Agency.

REDEVELOPMENT AGENCY OF THE CITY OF
FIREBAUGH

By: /s/ Jose A. Ramirez
Executive Director

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APPENDIX A

SUMMARY OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust, dated as of November 1, 2005, by and between the Agency and The Bank of New York Trust Company, N.A., as trustee (the Trustee), as amended and supplemented by a First Supplement to Indenture of Trust, dated as of November 1, 2005, by and between the Agency and the Trustee (as so amended and supplemented, the "Indenture") providing for the issuance of the Redevelopment Agency of the City of Firebaugh Firebaugh Redevelopment Project Tax Allocation Bonds, 2005 Series A (the "Series A Bonds"), and the Redevelopment Agency of the City of Firebaugh Firebaugh Redevelopment Project Taxable Tax Allocation Bonds, 2005 Series B (the "Series B Bonds"). The Series A Bonds are being issued pursuant to the Indenture of Trust and the Series B Bonds are being issued pursuant to the First Supplement to Indenture of Trust. Except as noted herein, the provisions of the Indenture described in this summary apply to both the Series A Bonds and the Series B Bonds. Accordingly, references in this summary to "Bonds" is with respect to the Series A Bonds or the Series B Bonds, as applicable. The principal difference between the application of the provisions of the Indenture results from the fact that interest paid on the Series A Bonds is exempt from federal income taxes and the interest paid on the Series B Bonds is intended by the Agency to be subject to federal income taxes. This is a summary of the provisions of the Indenture not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the actual document (copies of which may be obtained from the Trustee) for the complete terms thereof.

Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

"Additional Revenues" means, as of the date of calculation, the amount of Tax Revenues which, as shown in the Report of an Independent Redevelopment Consultant, are estimated to be receivable by the Agency within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the Project Area due to construction which has been completed but which is not then reflected on the tax rolls.

For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the Project Area is estimated to increase above the assessed valuation of taxable property in the Project Area (as evidenced in the written records of the County) as of the date on which such calculation is made.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year upon the maturity or mandatory Sinking Account redemption thereof.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Agency, of nationally-recognized

experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

"Bond Year" means any twelve-month period beginning on December 2 in any year and extending to the next succeeding December 1, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on December 1, 2005.

"Bonds" means, collectively, the 2005 Series A Bonds, the Series B bonds and any additional Parity Debt.

"Business Day" means a day of the year (other than a Saturday or Sunday) on which banks in California, are not required or permitted to be closed, and on which the New York Stock Exchange is open.

"Closing Date" means the date on which the Bonds are delivered by the Agency to the Original Purchaser.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Agency dated as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Agency relating to the authorization, issuance, sale and delivery of the Bonds and the refunding of the 1993 Bonds, the 1996 Bonds and the 1998 Bonds, including but not limited to, printing expenses, rating agency fees, bond insurance and reserve account surety bond premiums, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds and the refunding of the 1993 Bonds, the 1996 Bonds and the 1998 Bonds.

"Defeasance Obligations" mean:

- (a) cash;
- (b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series);
- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;
- (d) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;
- (e) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and
- (f) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are

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

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

"Federal Securities" means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

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

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by or acceptable to the Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by or acceptable to the Agency and who, or each of whom: (a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Agency; (c) does not have any substantial interest, direct or indirect, with the Agency other than as the Original Purchase; and (d) is not connected with the

Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest amount of Annual Debt Service on all Outstanding Bonds for the current or any future Bond Year. For purposes of such calculation, there is excluded a pro rata portion of each installment of principal of any Parity Debt, together with the interest to accrue thereon, in the event and to the extent that the proceeds of such Parity Debt are deposited in an escrow fund from which amounts may not be released to the Agency unless the Tax Revenues for the current Fiscal Year (as evidenced in the written records of the County), plus at the option of the Agency the Additional Revenues, at least equal one hundred twenty-five percent (125%) of the amount of Maximum Annual Debt Service.

"Moody's" means Moody's Investors Service Inc., of New York, New York, and its successors.

"1993 Bonds" means the \$2,250,000 Redevelopment Agency of the City of Firebaugh Firebaugh Redevelopment Project Tax Allocation Bonds, Series 1993, issued and outstanding under the 1993 Bonds Indenture.

"1993 Bonds Indenture" means the Indenture of Trust, dated as of August 15, 1993, by and between the Agency and Meridian Trust Company of California, as trustee.

"1996 Bonds" means the \$2,230,000 Redevelopment Agency of the City of Firebaugh Firebaugh Redevelopment Project Tax Allocation Refunding Bonds, Series 1996, issued and outstanding under the 1996 Bonds Indenture.

"1996 Bonds Indenture" means the Indenture of Trust, dated as of October 1, 1996, by and between the Agency and BNY Western Trust Company, as trustee.

"1998 Bonds" means the \$1,000,000 Redevelopment Agency of the City of Firebaugh Firebaugh Redevelopment Project Taxable Tax Allocation Bonds, Series 1998, issued and outstanding under the 1998 Bonds Indenture.

"1998 Bonds Indenture" means the Indenture of Trust, dated as of January 15, 1998, by and between the Agency and BNY Western Trust Company, as trustee.

"Outstanding", when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

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

"Parity Debt" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Agency on a parity with the series A Bonds and the Series B Bonds pursuant to the Indenture.

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

"Pass-Through Agreements" means, collectively, those certain agreements entitled "Agreement between the Redevelopment Agency of the City of Firebaugh and the County of Fresno Re: Tax Increment Allocations", dated September 6, 1983, between the Agency and the County of Fresno, "Agreement", dated September 12, 1989, among the Agency, the City and the County of Fresno, "Agreement between the Redevelopment Agency of the City of Firebaugh and the County Free Library Re: Tax Increment Allocations", dated July 5, 1983, between the Fresno County Free Library and the Agency, and the agreement, dated April 18, 1989, between the County Free Library and the Agency, each as executed and as heretofore or hereafter amended or supplemented.

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

(a) Federal Securities;

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

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

(d) money market funds (including funds of the Trustee or its affiliates) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-G", "AAAm", or "AAm", and, if rated by Moody's, rated Aaa, Aa1 or Aa2;

(e) certificates of deposit secured at all times by collateral described in (a) or (b) above, which have a maturity of one year or less, which are issued by commercial

banks, savings and loan associations or mutual savings banks, and such collateral must be held by a third party, and Bond owners must have a perfected first security interest in such collateral;

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

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

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

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

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

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

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

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee must have a perfected first priority security interest in the collateral; (E) the collateral must be free and clear of third-party liens and, in the case of a broker which falls under the jurisdiction of the Securities Investors Protection Corporation, are not subject to a repurchase agreement or a reverse repurchase agreement; (F) failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral; (G) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement

plus accrued interest (unless the securities used as collateral are obligations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, in which case the collateral must be equal to 105% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest). If the value of securities held as collateral falls below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred; and

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

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

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

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

"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 pursuant to the provisions of the Indenture, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is in one of the two highest rating categories by S&P and Moody's, or the claims paying ability of such insurance company is rated in the highest rating category by A.M. Best & Company; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account for the Sinking Account or the purpose of making payments required pursuant to the Indenture; and (e) prior written notice must be given to S&P before the effective date of any such Qualified Reserve Account Credit Instrument.

"Reserve Requirement" means, as of the date of any calculation, the lesser of (a) Maximum Annual Debt Service determined on a Fiscal Year basis, or (b) one hundred twenty-five percent (125%) of average, Annual Debt Service, or (c) ten percent (10%) of the principal amount of the Outstanding Bonds.

"S&P" means Standard & Poor's, a division of McGraw-Hill of New York, New York, and its successors.

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

"Tax Code" means the Internal Revenue Code of 1986, as in effect on the date of issuance of the 2005 Series A Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2005 Series A Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code (including the Tax Regulations).

"Tax Regulations" means temporary and permanent regulations promulgated under Section 103 and all related provisions of the Tax Code.

"Tax Revenues" means all taxes annually allocated and paid to the Agency with respect to the Redevelopment Project following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, and including that portion of such taxes otherwise required by Section 33334.3 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds and that portion of any Parity Debt (including applicable reserves and financing costs) issued to finance or refinance amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Law to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding (i) all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Section 33334.3 of the Redevelopment Law, (ii) amounts payable by the State to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State, and (iii) all amounts of such taxes required to be paid by the Agency pursuant to the Pass-Through Agreements or pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, to the extent not subordinated to the payment of principal of and interest on the Bonds.

Establishment of Funds and Accounts; Flow of Funds

Costs of Issuance Fund. The Indenture establishes a Costs of Issuance Fund to be held by the Trustee. The moneys in the Costs of Issuance Fund will be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Request of the Agency stating (a) the person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the Agency. On the earlier of (i) January 1, 2004, or (ii) the date of receipt by the Trustee of a Request of the Agency therefor, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Agency for deposit in the Redevelopment Fund. Amounts in the Costs of Issuance Fund are not pledged as security for the Bonds.

Redevelopment Fund and Low and Moderate Income Housing Account. The Indenture establishes a Redevelopment Fund and a Low and Moderate Income Housing Account to be held by the Trustee. The moneys in the Redevelopment Fund and a Low and Moderate Income Housing Account will be used and withdrawn by the Agency solely in accordance with the Redevelopment Law and the Redevelopment Plan. Amounts in the Redevelopment Fund and a Low and Moderate Income Housing Account are not pledged as security for the Bonds.

Special Fund; Deposit of Tax Revenues. The Indenture establishes the Special Fund which is held by the Trustee. The Agency shall transfer all of the Tax Revenues received in any Bond Year to the Trustee for deposit by the Trustee in the Special Fund promptly upon receipt thereof by the Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred by the Trustee, (i) for deposit in such Bond Year into the funds and accounts established with respect to the Bonds, as provided in the Indenture, and (ii) for deposit in such Bond Year with respect to any additional Parity Debt, as provided in any applicable Supplemental Indenture. If the amount of Tax Revenues available in such Bond Year shall be insufficient to deposit the full amount required to be deposited pursuant to clauses (i) and (ii) of this paragraph, then the Agency shall transfer such Tax Revenues for deposit ratably based on the full amounts required to be so deposited.

All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be transferred to the Trustee for deposit in the Special Fund during such Bond Year as described in the preceding sentence are released from the pledge and lien of the Indenture for the security of the Bonds and may be applied by the Agency for any lawful purposes of the Agency. Prior to the payment in full of the principal of any interest and redemption premium (if any) on the Bonds, and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indenture, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture.

Transfer of Amounts In Special Fund. Moneys in the Special Fund shall be transferred by the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Special Fund, which accounts are hereby established with the Trustee, in the following order of priority:

(a) Interest Account. On or before the third (3rd) Business Day preceding each date on which interest on the Bonds is due and payable, the Agency will withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such date. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it comes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. On or before the third (3rd) Business Day preceding each date on which principal of the Bonds is due and payable at maturity, the Agency will withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding Bonds. All moneys in the Principal Account will be used and

withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds upon the maturity thereof.

(c) Sinking Account. On or before the third (3rd) Business Day preceding each date on which any Outstanding Term Bonds are subject to mandatory Sinking Account redemption, the Agency will withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account will be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it comes due and payable upon the mandatory Sinking Account redemption thereof.

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee will promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency will transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. Amounts in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, on any date which the principal of or interest on the Bonds and any Parity Debt comes due and payable, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the Bonds and any Parity Debt then outstanding. If the aggregate of the amounts available in the Reserve Account and in any reserve account established for Parity Debt by the applicable Supplemental Indenture are not sufficient to fully meet deficiencies in the amounts required to be then deposited in the Interest Account, the Principal Account and the Sinking Account pursuant to the Indenture and with respect to any additional Parity Debt, then the aggregate of such available amounts shall be deposited ratably based on the full amounts required to be so deposited. So long as no Event of Default has occurred and is continuing, any amount in the Reserve Account in excess of the Reserve Requirement on the second (2nd) Business Day preceding each Interest Payment Date will be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account.

The Agency has the right at any time to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (1) a Qualified Reserve Account Credit Instrument and (2) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account, the Trustee will transfer such funds from the Reserve Account to the Agency free and clear of the lien of the Indenture. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as will be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as will be required to receive payments thereunder in the event and to the extent required to make any payment when and as required from the Reserve Account. At least fifteen days prior to the expiration of any Qualified Reserve Account Credit Instrument, the Agency is obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds such that the

amount on deposit in the Reserve Account is equal to the Reserve Requirement (without taking into account such expiring Qualified Reserve Fund Credit Instrument). In the event that the Agency fails to take action as specified in clause (i) or (ii) of the preceding sentence, the Trustee shall, prior to the expiration thereof, draw upon the Qualified Reserve Account Credit Instrument in full and deposit the proceeds of such draw in the Reserve Account.

In the event that the Reserve Requirement at anytime be maintained in the Reserve Account in the form of a combination of cash and a Qualified Reserve Account Credit Instrument, the Trustee will apply the amount of such cash to make any payment required to be made from the Reserve Account before the Trustee will draw any moneys under such Qualified Reserve Account Credit Instrument for such purpose. In the event that the Trustee at any time draw funds under a Qualified Reserve Account Credit Instrument to make any payment then required to be made from the Reserve Account, the Tax Revenues thereafter received by the Trustee, to the extent remaining after making the other deposits (if any) then required to be made pursuant to the Indenture, shall be used to reinstate the Qualified Reserve Account Credit Instrument.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds in conformity with applicable provisions of the Tax Code. In calculating compliance with the Reserve Requirement, amounts in the Reserve Account and any reserve account established for additional Parity Debt shall be aggregated

(e) Redemption Account. On or before the third (3rd) Business Day preceding any date on which Bonds are subject to redemption (other than mandatory Sinking Account redemption of Term Bonds), the Agency will withdraw from the Special Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be so redeemed on such date. All moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds upon the redemption thereof, on the date set for such redemption other than mandatory Sinking Account redemption of Term Bonds.

Investment of Funds

Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account, the Sinking Account, the Redemption Account, the Redevelopment Fund and the Costs of Issuance Fund will be invested by the Trustee in Permitted Investments specified in the Request of the Agency delivered to the Trustee at least two (2) Business Days in advance of the making of such investments; except that moneys in the Reserve Account shall not be invested in Permitted Investments having a maturity of more than five (5) years, unless any such Permitted Investment is an investment agreement described in clause (g) of the definition thereof. In the absence of any such direction from the Agency, the Trustee will invest any such moneys solely in Permitted Investments described in clause (d) of the definition thereof. Moneys in the Special Fund will be invested by the Agency in any obligations in which the Agency is legally authorized to invest funds within its control. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. Whenever in the Indenture any moneys are required to be transferred by the Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any funds or accounts will be retained in the respective fund or account from which such Investment was

made; provided, however, that (i) all interest or gain from the investment of amounts in the Reserve Account will be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement, and (ii) so long as no Event of Default has occurred and is continuing, all interest or gain on investments of amounts in the Special Fund will be released from the pledge of the Indenture and used by the Agency for any lawful purposes. For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds held by it upon receipt by the Trustee of the Request of the Agency. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee will incur no liability for losses arising from any investments made pursuant to the Indenture.

Issuance of Subordinate Debt

In addition to the Senior Pass-Through Agreements, Bonds, any Parity Debt, and the Subordinate Pass-Through Agreement, from time to time the Agency may issue or incur Subordinate Debt in such principal amount as may be determined by the Agency, provided that the issuance of such Subordinate Debt does not cause the Agency to exceed any applicable Plan Limitations.

Other Covenants of the Agency

Limitation on Additional Indebtedness; Compliance With Plan Limitations. The Agency agrees in the Indenture that it will not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only the Bonds, any additional Parity Debt, the Subordinate Pass-Through Agreement, any other Subordinate Debt, and any obligations entered into pursuant to the Indenture. The Agency will take no action, including but not limited to the issuance of its bonds, notes or other obligations, which causes or which, with the passage of time, would cause any of the Plan Limitations to be exceeded or violated. The Agency agrees to manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Agency to pay the principal of and interest and premium (if any) on the Bonds when due.

Extension of Payment of Bonds. The Agency will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest is extended, such Bonds or claims for interest will not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Outstanding Bonds and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture will limit the right of the Agency to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance will not constitute an extension of maturity of the Bonds.

Payment of Claims. The Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant to the Indenture, or which might impair the security of the Bonds. Nothing in the Indenture will require the Agency to make any such payment so long as the Agency in good faith contests the validity of said claims.

Books and Accounts; Financial Statements. The Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City, in which complete and correct entries are made of all transactions relating to the Tax Revenues and the Special Fund. Such books of record and accounts will at all times during business hours be subject to the inspection of the Owners of not less than ten percent 10% in aggregate principal amount of the Bonds then outstanding, or their representatives authorized in writing.

Payments of Taxes and Other Charges. The Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may be lawfully imposed upon the Agency or the properties then owned by the Agency in the Redevelopment Project, when the same become due. Nothing contained in the Indenture requires the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges. The Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

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

Maintenance of Tax Revenues. . The Agency shall comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and the State. The Agency shall not amend the Senior Pass-Through Agreements or the Subordinate Pass-Through Agreement in any manner which would have the effect of reducing the amount of Tax Revenues unless the Agency shall first obtain the Report of an Independent Redevelopment Consultant stating that the Tax Revenues remaining after such amendment, estimated to be received in each of the three (3) succeeding Bond Years, plus the Additional Allowance, are at least equal to one hundred twenty-five percent (125%) of average Annual Debt Service on the Bonds during such three Bond Years.

Tax Covenants Relating to Series A Bonds. The Agency will assure that the proceeds of the Series A Bonds are not so used as to cause the Series A Bonds to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code. The Agency will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series A Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code. The Agency will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Series A Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Series A

Bonds to be "arbitrage bonds" within the meaning of section 148 of the Tax Code. The Agency shall take all actions necessary to assure the exclusion of interest on the Series A Bonds from the gross income of the Owners of the Series A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the Series A Bonds.

The Agency designates the Series A Bonds for purposes of paragraph (3) of Section 265(b) of the Tax Code and covenants that (i) the Series A Bonds do not constitute private activity bonds as defined in Section 141 of the Tax Code, and (ii) not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Tax Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Tax Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code), including the Series A Bonds, have been or shall be issued by or on behalf of the Agency during the calendar year 2005.

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

Plan Limitations. The Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Agency to pay the principal of and interest and premium (if any) on the Bonds and any Parity Debt when due.

Amendment of Indenture

The Indenture and the rights and obligation of the Agency and of the Owners may be modified or amended at any time by a supplemental indenture with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then outstanding, are delivered to the Trustee. No such modification or amendment may (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

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

- (a) to add additional covenants and agreements of the Agency or to limit or surrender any rights or power reserved to or conferred upon the Agency; or
- (b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Agency may deem necessary or desirable, provided

under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel;

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

(d) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds; or

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

Events of Default and Remedies

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

(a) Failure by the Agency to pay any installment of the principal of any Bonds when and as the same become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure by the Agency to pay any installment of interest on any Bonds when and as the same become due and payable.

(c) Failure by the Agency to observe and perform any of the other covenants, agreements or conditions contained in the Indenture or in the Bonds, if such failure continues for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Agency by the Trustee; provided, however, if in the reasonable opinion of the Agency the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure will not constitute an Event of Default if corrective action is instituted by the Agency within such sixty (60) day period and the Agency thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The Agency commences a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Remedies. Upon the occurrence and during the continuance of any Event of Default, the Trustee may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding, the Trustee shall, (a) declare the principal of all of the Bonds, and the interest accrued thereon, to be due and payable immediately, will become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Owners in law or at equity.

Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee is required to give notice of such Event of Default to the Agency by telephone promptly confirmed in writing. Such notice is also required to state whether the principal of the Bonds has been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any

Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided for notices of redemption of the Bonds, which is required to include the statement that interest on the Bonds will cease to accrue from and after the date, if any, on which the Trustee declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

The foregoing is subject to the condition that if, at any time after the principal of the Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due have been obtained or entered, the Agency deposits with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the net effective rate then borne by the Outstanding Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, with the prior written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment extends to or affects any subsequent default, or impairs or exhausts any right or power consequent thereon.

Application of Funds Upon Acceleration. If an Event of Default has occurred and is continuing, all Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration and all sums thereafter received by the Trustee under any of the provisions of the Indenture will be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel) incurred in and about the performance of its powers and duties under the Indenture and the payment of all fees, costs and expenses owing to the Trustee; and

(b) To the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal with interest on such overdue amounts at the respective rates of interest borne by the Outstanding Bonds, and in case such moneys are 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 amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

Limitation on Owners' Right to Sue. No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, unless (a) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise its powers under the Indenture granted or to institute such action, suit or proceeding in its own name; (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee has

refused or failed to comply with such request for a period of sixty (60) days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee.

Defeasance of Bonds

The Agency may pay and discharge the indebtedness on any or all of the Bonds Outstanding in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, in the opinion or report of an Independent Accountant is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;

(c) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Obligations in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or

(d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation.

And, if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption have been duly given or provision satisfactory to the Trustee have been made for the giving of such notice, then, at the election of the Agency and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Agency under the Indenture with respect to such Bonds, will cease and terminate, except only the obligation of the Agency under the Indenture, the obligation of the Trustee to transfer and exchange Bonds under the Indenture, the obligation of the Agency to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and the obligation of the Agency to compensate and indemnify the Trustee pursuant to the Indenture. Notice of such election shall be filed with the Trustee. Any funds thereafter held by the Trustee, which are not required for said purposes, will be paid over to the Agency. In the event the Agency shall, pursuant to the foregoing provisions, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Agency has determined to pay and discharge in part.

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APPENDIX B
FISCAL CONSULTANT REPORT

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Fiscal Consultant Report

2005-06 Update

October 28, 2005

Redevelopment Agency of the City of Firebaugh
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Fiscal Consultant Report

Firebaugh Redevelopment Project Area

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I. PURPOSE OF REPORT

This Fiscal Consultant Report (the "Report") has been prepared at the request of the Redevelopment Agency of the City of Firebaugh (the "Agency") to substantiate the availability of tax increment revenues generated within the Firebaugh Project Area, Rubi Gardens Amendment Area and the Storey Avenue Amendment Area (the "Project Area"). It is our understanding that revenues from the Project Area will be required to fund debt service for the Agency's proposed Tax Allocation Refunding Bond Issue of 2005.

Summary Table (A) sets forth the overall findings of the Report, summarizes projected revenues estimated in Tables 1, 2-A, 2-B and 2-C (see Appendix), and illustrates the amount of net tax increment revenue available to the Agency for the proposed refunding. The projections of future tax increment growth have been based upon the factors detailed in Section IV of this Report. Additionally, revenue projections have been conservatively estimated in order to reduce the possibility of overstating future tax increment revenues. The shaded row on Table A represents the projected fiscal year in which the Agency will exceed its tax increment limit.

TABLE A
REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
TAX INCREMENT PROJECTIONS

	Total Combined Project Area				Cumulative	
	Total	Net Tax	Housing	Total Net TI	Gross	
Fiscal	Gross	Increment	Set Aside	Housing &	Tax Inc.	
Years	Tax Inc.	Revenue	Fund	Non-housing	Revenue	
			Gross TI Received through 2004-05 =			\$9,639,406
2005-06	949,306	637,111	191,882	828,993	\$11,499,062	
2006-07	976,492	569,040	197,368	766,408	\$12,475,554	
2007-08	996,527	580,083	201,424	781,507	\$13,472,082	
2008-09	1,020,217	593,087	206,209	799,296	\$14,492,298	
2009-10	1,044,380	605,973	211,090	817,063	\$15,536,678	
2010-11	1,069,026	619,116	216,069	835,185	\$16,605,704	
2011-12	1,094,165	616,452	221,147	837,599	\$17,699,870	
2012-13	1,119,807	629,802	226,327	856,129	\$18,819,677	
2013-14	1,145,962	643,420	231,610	875,030	\$19,965,640	
2014-15	1,172,640	657,309	236,999	894,308	\$21,138,280	
2015-16	1,199,852	670,704	242,496	913,200	\$22,338,132	
2016-17	1,227,608	684,367	248,103	932,470	\$23,565,739	
2017-18	1,255,919	698,303	253,822	952,124	\$24,821,658	
2018-19	1,284,796	712,517	259,655	972,172	\$26,106,453	
2019-20	1,314,250	726,628	265,605	992,233	\$27,420,704	
2020-21	1,344,294	741,021	271,674	1,012,695	\$28,764,998	
2021-22	1,374,939	755,702	277,864	1,033,566	\$30,139,936	
2022-23	1,406,196	770,676	284,178	1,054,854	\$31,546,133	
2023-24	1,438,079	785,950	290,619	1,076,569	\$32,984,211	
2024-25	1,470,599	801,529	297,188	1,098,717	\$34,454,811	
2025-26	1,503,770	817,420	303,888	1,121,309	\$35,958,580	
2026-27	1,537,604	833,629	310,723	1,144,352	\$37,496,184	
2027-28	1,572,115	850,162	317,694	1,167,856	\$39,068,299	
2028-29	1,607,316	867,025	324,805	1,191,830	\$40,675,615	
2029-30	1,643,221	884,226	332,058	1,216,284	\$42,318,836	
2030-31	1,679,844	901,771	339,456	1,241,227	\$43,998,680	
2031-32	1,717,200	919,667	347,002	1,266,669	\$45,715,880	
2032-33	1,755,302	937,921	354,699	1,292,619	\$47,471,182	
2033-34	1,794,167	956,539	362,549	1,319,089	\$49,265,349	
2034-35	1,833,809	975,530	370,557	1,346,088	\$51,099,159	
2035-36	571,164	283,337	116,905	400,242	\$51,670,323	
2036-37	247,787	84,335	50,717	135,052	\$51,918,109	
2037-38	252,764	85,264	51,736	137,000	\$52,170,873	
2038-39	257,841	86,211	52,775	138,986	\$52,428,714	
2039-40	263,019	86,792	53,835	140,627	\$52,691,734	
Totals	\$42,141,977	\$23,068,620	\$8,520,726	\$31,589,346		

II. INTRODUCTION AND BACKGROUND

The Project Area is located in the City of Firebaugh, Fresno County, California, along Highway 33, east of Interstate 5. The City of Firebaugh was incorporated in 1914 and is approximately 150 miles southeast of San Francisco, 305 miles north of Los Angeles, and approximately 18 miles east of Interstate 5. According to State Department of Finance estimates, the City had a total of 6,585 residents and 1,768 housing units as of January 1, 2004.

The Firebaugh City Council on July 23, 1983 approved the Firebaugh Redevelopment Project's Redevelopment Plan ("Plan") by the adoption of Ordinance No. 83-4. On December 21, 1984

the Firebaugh City Council adopted Ordinance 84-6 which approved the addition of the Rubi Gardens Amendment Area to the Firebaugh Redevelopment Project Area. Ordinance 89-3, adopted on May 15, 1989 added the Storey Avenue Amendment Area to the Firebaugh Redevelopment Project Area. The total acreage for the Project Area is approximately 853 acres and is distributed as follows; Firebaugh Project Area – 776 acres, Rubi Gardens Amendment Area – 44 acres, and Storey Avenue Amendment Area – 33 acres. In July of 1983, the County Free Library District and City entered into an Agreement that provided for a share of the tax increment generated by the Firebaugh Project Area to be shared with the District. In September of 1983, the County and City entered into an Agreement that provided for a share of the tax increment generated by the Firebaugh Project Area to be shared with the County. In September of 1989, the County of Fresno entered into an Agreement with the Agency that provided for a share of the tax increment generated by the Storey Avenue Amendment Area. In April of 1989, the Agency and County Free Library District entered into an agreement that provided for a share of the tax increment generated by the Storey Avenue Amendment Area.

The Firebaugh Redevelopment Plan was further amended by the adoption of Ordinance 94-8 on December 19, 1994 to comply with the provisions of Assembly Bill 1290 by setting new Plan limits. On May 3, 1999 the Firebaugh Redevelopment Plan was amended via Ordinance 99-06 which extended the term of effectiveness of the Firebaugh Project Area, Rubi Gardens and Storey Avenue Amendment Areas for an additional ten (10) years pursuant to Section 33333.6 of the Redevelopment Law. On December 15, 2003, the Plan was amended to extend the Plan's limitation on incurring debt, its term of effectiveness and the time period by Ordinance 03-05 to collect tax increment to repay debt. On September 19, 2005 the Plan was amended pursuant to California Health and Safety Code Section 33333.6 to provide an additional two years of Plan effectiveness for the Firebaugh Project Area and Rubi Gardens Amendment Area and an additional one year of effectiveness to the Storey Avenue Amendment Area.

PLAN LIMITATIONS

Table B presents the current Plan limits for each of the constituent areas of the Project Area. These limitations affect the Agency's ability to incur debt, undertake Plan activities and collect tax increment revenues.

TABLE B FIREBAUGH REDEVELOPMENT AGENCY Firebaugh Redevelopment Project Limits			
Plan Limits	Firebaugh Proj. Area	Rubi Gardens Amend. Area	Storey Ave. Amend. Area
Effectiveness of Plan	June 21, 2025	November 21, 2026	May 15, 2030
Tax Increment /1	\$40,000,000		
Bonded Debt Limit	\$40,000,000		
Limit to Incur Debt /2	Eliminated	Eliminated	Eliminated
Limit on Receiving Tax Increment	June 21, 2035	November 21, 2036	May 15, 2040

1/ The Firebaugh Redevelopment Plan has an internal inconsistency. The Plan identified a \$50,000,000 Tax Allocation Limitation and a \$40,000,000 Tax Increment and Bonded Indebtedness Limit. RSG has chosen the conservative \$40,000,000 limit for these projections.

2/ Pursuant to SB 211 Ordinance No. 03-05 was adopted on December 15, 2003 to eliminate the time period to incur debt.

Assembly Bill 1290 Plan Limits

On October 6, 1993, the Governor signed into Law Assembly Bill 1290 ("AB 1290") which instituted changes in the California Health and Safety Code Section 30000 et seq. (the "Community Redevelopment Law"). AB 1290's goal was to revise and reform many of the practices of redevelopment agencies. Among the changes made by AB 1290 were the repeal of the redevelopment agencies' authority to receive sales tax increment, the modification of the definition of blight for new plan adoption, the requirement that all redevelopment agencies adopt a five-year implementation plan (every five years) for each of the constituent areas of the Project Area, and the imposition of new limitations on existing redevelopment plans ("AB 1290 Plan Limits"). These limits are now prescribed in Section 33333.6 of the Community Redevelopment Law ("CRL").

On December 19, 1994, the City Council adopted Ordinance No. 94-8 establishing the following AB 1290 Plan Limits for each of the constituent areas of the Project Area.

A time limit to issue or incur debt of January 1, 2004 (Firebaugh Project Area) November 21, 2004 (Rubi Gardens Amendment Area) and May 15, 2009 (Storey Avenue Amendment Area) except that these limits shall not prevent the Agency from incurring debt to be paid from the Low and Moderate-Income Housing Fund, established pursuant to Section 33334.2 and 33334.3 of the Community Development Law, or from establishing more debt in order to fulfill the Agency's housing obligations under Section 33413 of the Community Redevelopment Law. The term of the effectiveness for the Project Area is thirty (30) years from the date of adoption of the Redevelopment Plan or Amendment approving the constituent area of the Project Area; and the time limit to receive tax increment generated from the constituent area of the Project Area is ten years beyond the thirty (30) year effectiveness period.

On May 3, 1999 the City Council adopted Ordinance No. 99-06 amending the following AB 1290 Plan Limits for each of the constituent areas of the Project Area.

The Firebaugh Redevelopment Plan was amended to extend the term of effectiveness of the Firebaugh Project Area, Rubi Gardens and Storey Avenue Amendment Areas for an additional ten (10) years beyond the thirty (30) year effectiveness period pursuant to Section 33333.6 of the Redevelopment Law. Additionally, the time limit to receive tax increment generated from each of the constituent areas of the Project Area was extended for ten years beyond the now forty (40) year effectiveness period.

Senate Bill No. 211 (Statutes of 2001, Chapter 741) Amendment

SB 211 provides a procedure by which any redevelopment plan adopted prior to January 1, 1994 may eliminate the indebtedness time limit to its plan. The statute allows the legislative bodies the ability to adopt the required ordinances without having to follow normal lengthy procedures to amend a redevelopment plan set forth in the CRL. The City Council took action on December 15, 2003 adopting Ordinance No. 03-05 which eliminated the time limit for the Agency to incur debt.

TAX INCREMENT VERIFICATION AND PROJECTIONS

The detailed analysis utilized to construct the findings presented in Table A is contained in the following report and the accompanying tables listed below as attachments to this report.

TABLE 1:	Summary of Tax Increment Projections
TABLE 2-A:	Project Area Tax Increment Projections for the Firebaugh Project Area
TABLE 2-B:	Project Area Tax Increment Projections for the Rubi Gardens Amendment Area
TABLE 2-C:	Project Area Tax Increment Projections for the Storey Avenue Amendment Area

III. HISTORICAL ASSESSED VALUATIONS AND TAX INCREMENT RECEIPTS

The most current source of information used is the 2005-06 preliminary tax rolls for the County. The County Auditor-Controller has provided the current year, base year and previous years' valuation figures for the Project Area. Historical assessed valuation information for the Project Area is presented in Tables C-1 through C-3, Historical Assessed Valuation and Tax Increment Verification tables.

TABLE C - 1
FIREBAUGH REDEVELOPMENT AGENCY
FIREBAUGH REDEVELOPMENT PROJECT-ORIGINAL AREA
HISTORICAL ASSESSED VALUATION AND TAX INCREMENT REVENUES

ASSESSED VALUE	2001-02	Δ	2002-03	Δ	2003-04	Δ	2004-05	Δ	2005-06	Δ
Local Secured	\$70,409,757		\$69,395,152		\$73,899,826		\$78,051,412		\$81,507,459	
Utility	\$1,014,102		\$1,000,366		\$1,023,356		\$865,745		\$1,001,179	
Unsecured	<u>7,811,069</u>		<u>6,989,888</u>		<u>6,913,650</u>		<u>7,789,199</u>		<u>6,358,125</u>	
Total Assessed Value	79,234,928	12.3%	77,385,406	-2.3%	81,836,832	5.8%	86,706,356	6.0%	88,866,763	2.5%
Base Year Value	<u>24,088,909</u>		<u>24,088,909</u>		<u>24,088,909</u>		<u>24,088,909</u>		<u>24,088,909</u>	
Incremental Value	55,146,019	18.7%	53,296,497	-3.4%	57,747,923	8.4%	62,617,447	8.4%	64,777,854	3.5%
Tax Rate	1.00%		1.00%		1.00%		1.00%		1.00%	
ESTIMATED REVENUE										
Tax Increment Revenue	551,460		532,965		577,479		626,174		647,779	
County Admin Charge	<u>(13,606)</u>		<u>(13,149)</u>		<u>(14,247)</u>		<u>(15,449)</u>		<u>(14,919)</u>	
Subtotal	537,855		519,816		563,232		610,726		632,860	
Pass-Through Payments	<u>(68,105)</u>		<u>(65,821)</u>		<u>(69,733)</u>		<u>(75,913)</u>		<u>(81,076)</u>	
Total Est. Revenue	469,749		453,995		493,499		534,813		551,784	
Total Actual Net Receipts/1	545,149		565,811		566,581		611,136			

1. Based upon Fresno County's Audited Financials. Receipts are net of County Admin. Charge or Pass-Through payments.

TABLE C -2
FIREBAUGH REDEVELOPMENT AGENCY
FIREBAUGH REDEVELOPMENT PROJECT-RUBI GARDENS AREA
HISTORICAL ASSESSED VALUATION AND TAX INCREMENT REVENUES

ASSESSED VALUE	2001-02	Δ	2002-03	Δ	2003-04	Δ	2004-05	Δ	2005-06	Δ
Local Secured	\$17,940,462		\$17,838,591		\$18,280,295		\$18,913,502		\$19,568,911	
Utility										
Unsecured	—		—		—		—		—	
Total Assessed Value	17,940,462	6.3%	17,838,591	-0.6%	18,280,295	2.5%	18,913,502	3.5%	19,568,911	3.5%
Base Year Value /2	2,104,169		2,080,169		2,080,169		2,080,169		2,080,169	
Incremental Value	15,836,293	7.2%	15,758,422	-0.5%	16,200,126	2.8%	16,833,333	3.9%	17,488,742	3.9%
Tax Rate	1.00%		1.00%		1.00%		1.00%		1.00%	
ESTIMATED REVENUE										
Tax Increment Revenue	158,363		157,584		162,001		168,333		174,887	
County Admin Charge	(3,907)		(3,888)		(3,997)		(4,153)		(4,016)	
Subtotal	154,456		153,696		158,004		164,180		170,872	
Pass-Through Payments	—		—		—		—		(1,281)	
Total Est. Revenue	154,456		153,696		158,004		164,180		169,591	
Total Actual Net Receipts /1	155,266		162,696		155,918		168,157			

1. Based upon Fresno County's Audited Financials. Receipts are net of County Admin. Charge or Pass-Through payments.

2. The County reported a base year value reduction in the amendment area as a property was obtained by a government agency.

TABLE C -3
FIREBAUGH REDEVELOPMENT AGENCY
FIREBAUGH REDEVELOPMENT PROJECT-STOREY AVENUE AREA
HISTORICAL ASSESSED VALUATION AND TAX INCREMENT REVENUES

ASSESSED VALUE	2001-02	Δ	2002-03	Δ	2003-04	Δ	2004-05	Δ	2005-06	Δ
Local Secured	\$12,581,183		\$12,744,481		\$12,990,612		\$13,536,628		\$13,785,171	
Utility					\$0					
Unsecured	1,500		—		\$0		—		—	
Total Assessed Value	12,582,683	1.9%	12,744,481	1.3%	12,990,612	1.9%	13,536,628	4.2%	13,785,171	2%
Base Year Value	110,927 /2		110,927		110,927		110,927		110,927	
Incremental Value	12,471,756	2.0%	12,633,554	1.3%	12,879,685	1.9%	13,425,701	4.2%	13,674,244	2%
Tax Rate	1.00%		1.00%		1.00%		1.00%		1.00%	
ESTIMATED REVENUE										
Tax Increment Revenue	124,718		126,336		128,797		134,257		136,742	
County Admin Charge	(3,077)		(3,117)		(3,178)		(3,312)		(3,140)	
Subtotal	121,641		123,219		125,619		130,945		133,602	
Pass-Through Payments	(15,116)		(15,312)		(13,962)		(16,780)		(17,091)	
Total Est. Revenue	106,525		107,907		111,657		114,164		116,512	
Total Actual Net Receipts /1	123,783		130,225		122,840		133,887			

1. Based upon Fresno County's Audited Financials. Receipts are net of County Admin. Charge or Pass-Through payments.

For the purposes of reviewing the limitations on collecting tax increment revenue for each constituent area of the Project Area, Table D identifies the total gross tax increment revenue collected from each constituent area of the Project Area through 2004-05. As of June 30 of 2005, the Project Area has generated \$9,639,406 in gross tax increment revenue. The Plan's tax increment limitation total for the Project Area is \$40,000,000. It is estimated that over the term of the constituent areas of the Project Area, the cap to collect tax increment revenue of \$40,000,000 will be exceeded in Fiscal Year 2028-29 based upon a projected 2% annual growth rate in secured assessed value.

TABLE D FIREBAUGH REDEVELOPMENT AGENCY Accumulated Tax Increment Actual Received							
Number	Year	Firebaugh Project Total Increment Allocated	Firebaugh Project Cumulative Balance	Rubi Gardens Total Increment Allocated	Rubi Gardens Cumulative Balance	Storey Avenue Total Increment Allocated	Storey Avenue Cumulative Balance
1	1984-85	\$29,586	\$29,586				
2	1985-86	\$52,390	\$81,976				
3	1986-87	\$61,844	\$143,820	\$2,062	\$2,062		
4	1987-88	\$53,224	\$197,044	\$3,981	\$6,043		
5	1988-89	\$32,599	\$229,643	\$1,198	\$7,241		
6	1989-90	\$33,204	\$262,847	\$623	\$7,864		
7	1990-91	\$178,962	\$441,809	\$1,002	\$8,866	\$39,178	\$39,178
8	1991-92	\$279,642	\$721,451	\$1,026	\$9,892	\$94,041	\$133,219
9	1992-93	\$287,401	\$1,008,852	\$1	\$9,893	\$102,098	\$235,317
10	1993-94	\$301,455	\$1,310,307	\$0	\$9,893	\$106,107	\$341,424
11	1994-95	\$429,540	\$1,739,847	\$12,672	\$22,565	\$114,860	\$456,284
12	1995-96	\$439,447	\$2,179,294	\$45,470	\$68,035	\$118,755	\$575,039
13	1996-97	\$407,284	\$2,586,578	\$100,178	\$168,213	\$114,183	\$689,222
14	1997-98	\$402,890	\$2,989,468	\$135,952	\$304,165	\$115,398	\$804,620
15	1998-99	\$409,547	\$3,399,015	\$142,235	\$446,400	\$117,127	\$921,747
16	1999-00	\$441,292	\$3,840,307	\$141,199	\$587,599	\$118,352	\$1,040,099
17	2000-01	\$482,812	\$4,323,119	\$137,512	\$725,111	\$109,628	\$1,149,727
18	2001-02	\$545,149	\$4,868,268	\$155,266	\$880,377	\$123,783	\$1,273,510
19	2002-03	\$565,811	\$5,434,079	\$162,696	\$1,043,073	\$130,225	\$1,403,735
20	2003-04	\$566,581	\$6,000,660	\$155,918	\$1,198,991	\$122,840	\$1,526,574
21	2004-05	\$611,136	\$6,611,796	\$168,157	\$1,367,148	\$133,887	\$1,660,461
Cumulative Total Increment Received Thru 2004-05 (Firebaugh, Rubi Gardens and Storey Avenue Areas)						\$9,639,406	

Base Year Valuation: According to the Fresno County Auditor-Controller, the assessed base year valuations for the constituent areas of the Project Area are \$24,088,909 – Firebaugh Project Area, \$2,080,169 – Rubi Gardens Amendment Area and \$110,927 – Storey Avenue Amendment Area. The breakdown of the base year values is presented in Table E below:

TABLE E FIREBAUGH REDEVELOPMENT AGENCY BASE YEAR VALUATION			
	Firebaugh Project Area Base Year FY 1982-83	Rubi Gardens Amend. Area Base Year FY 1984-85	Storey Avenue Amend. Area Base Year FY 1988-89
Secured	\$17,530,549	\$2,080,169	\$110,927
Unsecured	6,558,360	0	0
Total Base Year Valuation	\$24,088,909	\$2,080,169	\$110,927

IV. FUTURE TAX INCREMENT PROJECTIONS

Appendix Tables 1, 2-A, 2-B and 2-C present tax increment projections for the Project Area. The projections of future tax increment growth have been based upon the following factors listed below.

1. Historical growth trends;
2. Trended growth in valuation as permitted by Article XIII A of the California Constitution (Proposition 13);
3. Assessment and apportionment procedures of the County of Fresno;
4. Construction activity in progress within the Project Area;
5. Financial data supplied by the County of Fresno and the Finance Department of the City of Firebaugh (the "City");
6. Tax allocation agreements between the Agency and certain taxing agencies and;
7. A one percent tax rate levy.

Revenue projections have been conservatively estimated in order to reduce the possibility of overstating future tax increment revenues. While precautions have been taken to assure the accuracy of the data used in the formulation of these projections, it cannot be assured that projected valuations will be realized. Actual values may be affected by future events and conditions that cannot be controlled or predicted with certainty.

Growth Assumptions. The following assumptions have been utilized in the tax increment projections.

- a. Secured Roll. The projections assume only a 2% annual increase in the secured assessed valuation, which is the maximum annual increase permitted by Article XIII A of the California Constitution ("Proposition 13").
- b. Unsecured Roll. The projections have assumed no growth in the unsecured roll beyond the FY 2005-06 value.
- c. Secured Utility Revenue. Due to the passage of AB 454, the State Board of Equalization determines and distributes the statewide apportionment of Secured Utility revenue. Secured Utility apportionments are not increased in the same manner as other secured and unsecured assessed property, and therefore, are difficult to project. Therefore, the projections have assumed no growth in Secured Utility Revenue beyond the FY 2005-06 value.
- d. Building Activity. Information provided by the City's Building and Safety Department indicates that there has been no building activity from January 2005 through July 2005.
- e. Changes in Ownership. Although changes in ownership will occur and will typically cause increases in assessed valuation, the actual rate of sales is unpredictable. Therefore, RSG has only added increases in value to the revenue projections that reflect the assessed value growth pertaining to properties sold after January 1, 2005 (the

assessor's cutoff date for the 2005-06 roll) through July 31, 2005, as verified by data provided by MetroScan TRW. The data from January 1, 2005 through July 31, 2005 will appear on the 2006-07 roll. The MetroScan TRW information provides property sales information on a monthly basis. Tables F-1 through F-3 below, detail the projected change in assessed valuation anticipated due to reported property sales within the Project Area.

TABLE F-1 FIREBAUGH REDEVELOPMENT AGENCY FIREBAUGH PROJECT AREA INCREASE IN AV ATTRIBUTED TO PROPERTY SALES JANUARY 2005-JULY 2005				
APN	Sales Price	Assessed Value	\$ Difference	% Difference
007 070 84	\$94,000	\$60,405	\$33,595	56%
008 043 12	\$300,000	\$132,205	\$167,795	127%
008 044 12	\$210,000	\$117,115	\$92,885	79%
008 044 16	\$120,000	\$41,561	\$78,439	189%
008 074 04	\$45,000	\$16,065	\$28,935	180%
008 075 09	\$115,000	\$55,130	\$59,870	109%
008 100 22	\$198,000	\$51,815	\$146,185	282%
008 100 26	\$75,000	\$15,280	\$59,720	391%
008 140 19	\$30,000	\$11,810	\$18,190	154%
007 235 16 S	\$152,000	\$84,190	\$67,810	81%
TOTALS:	\$1,339,000	\$585,576	\$753,424	129%

Source: First American Real Estate Solutions -Metro Scan Database based on Fresno County Assessor Information

*Property Sales not yet verified by the County Assessor or which are not full sales have been excluded from the table

Based upon this data, RSG has projected a \$753,424 increase in the 2006-07 assessment roll for the Firebaugh Project Area, as detailed in Table F-1 above.

TABLE F-2 FIREBAUGH REDEVELOPMENT AGENCY RUBI GARDENS AMENDMENT AREA INCREASE IN AV ATTRIBUTED TO PROPERTY SALES JANUARY 2005-JULY 2005				
APN	Sales Price	Assessed Value	\$ Difference	% Difference
007 236 10 S	\$152,000	\$91,679	\$60,321	66%
007 235 16 S	\$152,000	\$84,190	\$67,810	81%
TOTALS:	\$304,000	\$175,869	\$128,131	73%

Source: First American Real Estate Solutions -Metro Scan Database based on Fresno County Assessor Information

*Property Sales not yet verified by the County Assessor or which are not full sales have been excluded from the table

Based upon this data, RSG has projected a \$128,131 increase in the 2006-07 assessment roll for the Rubi Gardens Amendment Area, as detailed in Table F-2 above.

TABLE F-3 FIREBAUGH REDEVELOPMENT AGENCY STOREY AVENUE AMENDMENT AREA INCREASE IN AV ATTRIBUTED TO PROPERTY SALES JANUARY 2005-JULY 2005				
APN	Sales Price	Assessed Value	\$ Difference	% Difference
007 262 02	\$150,000	\$77,624	\$72,376	93%
007 281 19 S	\$152,000	\$127,333	\$24,667	19%
TOTALS:	\$302,000	\$204,957	\$97,043	47%

Source: First American Real Estate Solutions –Metro Scan Database based on Fresno County Assessor Information

*Property Sales not yet verified by the County Assessor or which are not full sales have been excluded from the table

Based upon this data, RSG has projected a \$97,043 increase in the 2006-07 assessment roll for the Storey Avenue Amendment Area, as detailed in Table F-3 above.

Tax Collection Fee: Actual tax increment disbursements are reduced to reflect the tax collection fee charged by the County Auditor-Controller pursuant to Senate Bill 2557. The tax collection fee varies slightly from year to year; during 2004-05, the County Auditor-Controller reported that the gross tax collection fee charged to the Project Area was \$18,719 or 2.35% of the total tax increment revenue generated by the Project Area. The tax increment projections provided within this Report have been adjusted to account for this charge.

Supplemental Roll: Actual tax increment receipts presented in the Historical Tax Increment Valuations and Verifications presented in Tables C-1 through C-3 include supplemental roll revenue ("Supplemental Revenue"). Supplemental Revenue is revenue generated by the tax increment created when a sale takes place or a construction project is completed after January 1 of a given year (the assessor's office cut-off date for the next year's assessment roll), but the reassessment occurs and the owner is issued a supplemental tax bill for the period between the sale or completion and the next regular tax bill. Because the nature of these revenues is unpredictable, they cannot be accurately projected, and therefore, no provision is made within the projections to reflect their impact on future revenues.

Delinquencies: The Agency has been placed on the County's "Teeter Plan," which stabilizes property tax payments at 100% of anticipated receipts. Consequently, delinquent property taxes do not impact the Agency's tax increment revenues. The current policy of the County Auditor-Controller is to distribute all expected tax increment revenue, irrespective of actual delinquencies. Thus, because of this existing policy, the Agency's incremental revenue will not be affected by delinquent payments.

Tax Rates. The composite 1% general levy tax rate applicable to the Project Area has been calculated by RSG and is based upon the County Auditor-Controller's 2004-05 roll values. Table H summarizes the 2004-05 tax rate information for the Project Area¹. The projections utilize the 1% rate detailed in Table G for all years.

¹ 2005-2006 tax rate information is not anticipated to be available from the Fresno County Auditor-Controller until December 2005.

<p style="text-align: center;">TABLE G FIREBAUGH REDEVELOPMENT AGENCY Firebaugh Project Area, Rubi Gardens and Storey Avenue Amendment Areas 2004-05 Tax Rate Breakdown of 1% Levy/1</p>			
Taxing Agency	Firebaugh Tax Rate	Rubi Gardens Tax Rate	Storey Avenue Tax Rate
County Library	0.01729	0.01811	0.02121
Central California Irrigation	0.00301	0.00000	0.00000
FR Westside Mosquito	0.02809	0.02943	0.03446
Firebaugh – Las Del Unified	0.31960	0.33484	0.39202
West Hills J r. College	0.06023	0.06310	0.07388
County School Service	0.02950	0.03090	0.03618
City of Firebaugh	0.21721	0.22757	0.17689
Fresno County	0.32507	0.29605	0.26536
	1.00%	1.00%	1.00%

1/2005-2006 tax rate information including the 1% breakdown is not anticipated to be available from the Fresno County Auditor-Controller until late December 2005.

Low and Moderate-Income Housing Fund Deposits. Section 33334.2 of the California Community Redevelopment Law requires that the Agency set aside at least twenty percent of the tax revenues allocated to the Agency from the Project Area into a special fund for the purpose of increasing, improving, or preserving the supply of housing available to persons or households of low and moderate-income.

The tax increment projections for the Project Area provide for twenty percent of the gross revenue to be allocated to the Agency's low-and moderate-income housing fund.

Education Revenue Augmentation Fund: The total statewide ERAF payment for 2004-05 was \$250 million. Per the State Department of Finance, the Agency's ERAF contribution for fiscal year 2004-05 was \$84,041.35. The ERAF payment for 2005-06 has been authorized, but has not yet been calculated, therefore the Agency's 2005-06 ERAF contribution is unknown and not projected at this time. Future amounts of tax increment revenue that may be shifted to ERAF are unknown at this time. The projections do not account for payment of current or future ERAF payments.

Santa Ana Unified School District vs. Orange County Development Agency: Prior to January 1, 1994, Section 33676 of the CRL permitted taxing entities to adopt and transmit to the County Auditor-Controller, a resolution requesting their share of the tax increment revenues attributed to the annual inflationary adjustment in real property values within a project area, pursuant to Proposition 13 ("2% payments"). Until Santa Ana Unified School District versus Orange County Development Agency ("Santa Ana USD Case"), it was thought that the election of receiving the 2% payments for school districts was optional; however, Santa Ana USD required that redevelopment agencies make such payments for project areas adopted within a certain time window. The court ruled that school districts are entitled to the "2%" payments of inflationary tax increment revenues from redevelopment project areas adopted or amended to add territory between January 1, 1985 and December 31, 1993. The Storey Avenue Amendment Area falls within these parameter and does not have an existing agreement with the Firebaugh Unified School District or the County School Services. Therefore, the County Auditor Controller has begun allocating payments to these entities per Section 33676 of the CRL. The projections provide for the allocation of the 2% inflationary tax increment revenue to the Firebaugh Unified School District and the County School Services.

V. PAYMENTS TO AFFECTED TAXING ENTITIES

The Firebaugh Redevelopment Agency has entered into two separate Cooperative Agreements with its affected taxing agencies for the Firebaugh Project Area. Additionally, the Agency has entered into two Cooperative Agreements with its affected taxing agencies for the Storey Avenue Amendment Area. These Cooperative Agreements provide for the sharing of tax increment revenue allocated to the Agency. The Agreements are summarized below.

Firebaugh Redevelopment Project Area

- A. County of Fresno (the "County"): On September 6, 1983, the County of Fresno and the Agency entered into a tax increment sharing agreement (the "Firebaugh Agreement") covering the Firebaugh Project Area. The Agreement provides the following: 1) the County shall not receive any portion of increment generated from the Firebaugh Project Area until the Agency has been allocated \$1,500,000 of increment 2) for the first five (5) years after the Agency has been allocated the \$1,500,000, the County will receive from the Agency 10.67% of the increment generated 3) for the sixth through tenth (6-10) year after the Agency has been allocated the \$1,500,000, the County will receive from the Agency 21.33% of the increment generated 4) beginning in year eleven (11) after the Agency has been allocated the \$1,500,000 and for the remainder of the term of the Firebaugh Project Area, the County will receive from the Agency 32.00% of the increment generated. For FY 2005-06, the Agency will pay 10.67% of increment generated to the County as the Agency is in year five of the tax sharing agreement.
- B. Fresno County Free Library: Pursuant to the Agreement between the Agency and the Library District entered into on July 5, 1983, the District receives 100% of their share of tax increments revenues generated by the Firebaugh Project Area.
- C. Statutory Taxing Agency Payments: Prior to December of 2003, the Firebaugh Redevelopment Plan set January 1, 2004 as the time limit for the Firebaugh Project Area to incur debt. On December 15, 2003, the City Council adopted Ordinance No. 03-05 (pursuant to the statutes enacted in 2001 by SB 211) amending the Plan to eliminate the time period to incur debt.² Because of these actions, the Plan is subject to Section 33607.7 of the Law and the imposition of "Statutory Pass-throughs" when the Project Area exceeds the original time limit to incur debt. Statutory Pass-throughs are required for all those taxing entities for which the Agency has not entered into a tax sharing agreement. The collective total of the tax rate for those taxing agencies that did not have an existing tax sharing agreement in place prior to the SB 211 Amendment represents 66.32% of the 1% general levy (based upon the 2004-05 tax rate allocations).

Statutory Payments are implemented in the following manner: in the year that the original time limit is exceeded, Section 33607.7 establishes an adjusted base year by which to calculate and apply the Statutory Pass-throughs. These Statutory Payments are based upon new incremental revenue, above that which

² This action extends the time period to incur debt to the effectiveness limit of the Plan.

was received in the year the old limit is exceeded with the Agency commencing to make (Statutory) payments in the first year following the year that the limit is exceeded. The Statutory Payments begin with first tier payments that are equal to 25% of the Project's annual non-housing tax increment revenue (that exceed the Adjusted Base Year revenue), applied to each taxing entity's (that does not already receive a pass-through) share of the 1% levy. These Statutory Payments are subject to one subsequent increase that would take effect in the eleventh payment year, when the Agency would be required to pay an additional 21% of the incremental increase in non-housing tax increment revenues exceeding amounts in the tenth payment year. Table 2-A details the Statutory Payments that are now required to be made for the Firebaugh Project Area pursuant to the City Council's action amending the Firebaugh Redevelopment Plan to eliminate the time period to incur debt.

Rubi Gardens Amendment Area

- A. Statutory Taxing Agency Payments: Prior to December of 2003, the Firebaugh Redevelopment Plan set November 21, 2004 as the time limit for the Rubi Gardens Amendment Area to incur debt. On December 15, 2003, the City Council adopted Ordinance No. 03-05 (pursuant to the statutes enacted in 2001 by SB 211) amending the Plan to eliminate the time period to incur debt.³ Because of these actions, the Plan is subject to Section 33607.7 of the Law and the imposition of "Statutory Pass-throughs" when the Project Area exceeds the original time limit to incur debt. Statutory Pass-throughs are required for all those taxing entities for which the Agency has not entered into a tax sharing agreement. The collective total of the tax rate for those taxing agencies that did not have an existing tax sharing agreement in place prior to the SB 211 Amendment represents 97.71% of the 1% general levy (based upon the 2004-05 tax rate allocations).

Statutory Payments are implemented in the following manner: in the year that the original time limit is exceeded, Section 33607.7 establishes an adjusted base year by which to calculate and apply the Statutory Pass-throughs. These Statutory Payments are based upon new incremental revenue, above that which was received in the year the old limit is exceeded with the Agency commencing to make (Statutory) payments in the first year following the year that the limit is exceeded. The Statutory Payments begin with first tier payments that are equal to 25% of the Project's annual non-housing tax increment revenue (that exceed the Adjusted Base Year revenue), applied to each taxing entity's (that does not already receive a pass-through) share of the 1% levy. These Statutory Payments are subject to one subsequent increase that would take effect in the eleventh payment year, when the Agency would be required to pay an additional 21% of the incremental increase in non-housing tax increment revenues exceeding amounts in the tenth payment year. Table 2-B details the Statutory Payments that are now required to be made for the Storey Avenue Amendment Area pursuant to the City Council's action amending the Firebaugh Redevelopment Plan to eliminate the time period to incur debt.

Storey Avenue Amendment Area

³ This action extends the time period to incur debt to the effectiveness limit of the Plan.

- A. County of Fresno (the "County"): On September 12, 1989, the County of Fresno and the Agency entered into a tax increment sharing agreement (the "Storey Avenue Agreement") covering the Storey Avenue Amendment Area. The Agreement provides the following: 1) beginning in the fiscal year which commences on July 1, 1995, the Agency will pass-through to the County ten-percent (10%) of the Net Project Revenue, as defined by the Agreement 2) beginning in the fiscal year which commences on July 1, 2000, the Agency will pass-through to the County fifteen-percent (15%) of the Net Project Revenue, as defined by the Agreement 3) once the Firebaugh Project Area and Storey Avenue Amendment Area have collectively been allocated \$1,500,000 of increment, the provisions of the Storey Avenue Agreement will be governed and replaced by the formula described in the Firebaugh Agreement. For FY 2005-06, the Agency will pay 10.67% of increment generated to the County as the Agency is in year five of the tax sharing agreement defined in the Firebaugh Agreement.
- B. Fresno County Free Library: Pursuant to the Agreement between the Agency and the Library District entered into on April 18, 1989, the District receives 100% of their share of tax increments revenues generated by the Storey Avenue Amendment Area.
- C. Statutory Taxing Agency Payments: Prior to December of 2003, the Firebaugh Redevelopment Plan set May 15, 2009 as the time limit for the Storey Avenue Amendment Area to incur debt. On December 15, 2003, the City Council adopted Ordinance No. 03-05 (pursuant to the statutes enacted in 2001 by SB 211) amending the Plan to eliminate the time period to incur debt.⁴ Because of these actions, the Plan is subject to Section 33607.7 of the Law and the imposition of "Statutory Pass-throughs" when the Project Area exceeds the original time limit to incur debt. Statutory Pass-throughs are required for all those taxing entities for which the Agency has not entered into a tax sharing agreement. The collective total of the tax rate for those taxing agencies that did not have an existing tax sharing agreement in place prior to the SB 211 Amendment represents 66.32% of the 1% general levy (based upon the 2004-05 tax rate allocations).

Statutory Payments are implemented in the following manner: in the year that the original time limit is exceeded, Section 33607.7 establishes an adjusted base year by which to calculate and apply the Statutory Pass-throughs. These Statutory Payments are based upon new incremental revenue, above that which was received in the year the old limit is exceeded with the Agency commencing to make (Statutory) payments in the first year following the year that the limit is exceeded. The Statutory Payments begin with first tier payments that are equal to 25% of the Project's annual non-housing tax increment revenue (that exceed the Adjusted Base Year revenue), applied to each taxing entity's (that does not already receive a pass-through) share of the 1% levy. These Statutory Payments are subject to one subsequent increase that would take effect in the eleventh payment year, when the Agency would be required to pay an additional 21% of the incremental increase in non-housing tax increment revenues exceeding amounts in the tenth payment year. Table 2-B details the Statutory

⁴ This action extends the time period to incur debt to the effectiveness limit of the Plan.

Payments that will be required to be made for the Storey Avenue Amendment Area beginning in fiscal year 2009-10, pursuant to the City Council's action amending the Firebaugh Redevelopment Plan to eliminate the time period to incur debt.

VI. TOP TEN TAXPAYERS

Utilizing the 2005-06 Equalized Local Secured Assessment Roll RSG has analyzed the largest secured taxpayers within the Project Area. Table H-1 identifies the top ten taxpayers and associated land uses in the entire Project Area and Tables H-2 through H-4 itemize the top ten taxpayers and indicate the associated land use for the constituent areas of the Firebaugh Redevelopment Project.

TABLE H-1 FIREBAUGH REDEVELOPMENT PROJECT TOTAL SECURED VALUE - FIREBAUGH PROJECT AREA, RUBI GARDENS AMENDMENT AREA, STOREY AVENUE AMENDMENT AREA 2005/06 TOP 10 SECURED TAXPAYERS Total Secured Value (All Project Areas) of \$114,866,541					
	Owner	Land Use	Number of Parcels	Assessed Value	Percentage of Total Roll
1	Toma-Tek Inc.	Industrial - Food Processing	2	\$44,271,209	38.54%
2	Hacienda Villa Associates LP	Multifamily Residential	1	\$3,636,000	3.17%
3	Westside Produce	Industrial - Cold Storage	1	\$3,490,606	3.04%
4	Firebaugh Garden Associates	Multifamily Residential	1	\$1,806,800	1.57%
5	Mendota Land Company	Industrial - Packing House	4	\$1,640,800	1.43%
6	Amarjit Sangha	Commercial	1	\$1,097,511	0.96%
7	Oscar M. and Marcia C. Sablan	Multifamily Res., Office Bldg.	5	\$1,074,631	0.94%
8	Ramon and Cecilia Echeveste	Commercial Store	6	\$925,770	0.81%
9	Valentin S. and Trinidad T. Bersabe	Motel	3	\$866,136	0.75%
10	Thomason Tractor Company of California Inc.	Commercial Store	1	\$834,754	0.73%
Total Assessed Value of Top Ten Taxpayers				\$59,644,217	51.92%
Source: California Municipal Statistic Inc. based upon the Fresno County 2005-06 Assessment Roll					

Toma Tek, Inc., by far the largest taxpayer in the Firebaugh Redevelopment Project is part of the Neil Jones Food Company. Toma Tek produces a wide variety of tomato related products for use in food production. Neil Jones Food Company and Toma Tek have been in business in Fresno County since 1915 and have recently constructed two major warehouses at Toma Tek which were completed in 2003 and 2004.

TABLE H-2 FIREBAUGH PROJECT AREA 2005/06 TOP 10 SECURED TAXPAYERS Total Secured Value of \$81,507,459					
	Owner	Land Use	Number of Parcels	Assessed Value	Percentage of Total Roll
1	Toma-Tek Inc.	Industrial	2	\$ 44,271,209	54.32%
2	Westside Produce	Industrial	1	\$ 3,490,606	4.28%
3	Mendota Land Company	Industrial	4	\$ 1,640,800	2.01%
4	Amarjit Sangha	Commercial	1	\$ 1,097,511	1.35%
5	Oscar M. and Marcia C. Sablan	Comm/Resid	5	\$ 1,074,631	1.32%
6	Ramon and Cecilia Echeveste	Commercial	6	\$ 925,770	1.14%
7	Valentin S. and Trinidad T. Bersabe	Comm/Resid	3	\$ 866,136	1.06%
8	Thomason Tractor Company of California	Comm/Resid	1	\$ 834,754	1.02%
9	Robert H. and Carol Ann Vance	Office Bldg.	3	\$ 821,735	1.01%
10	Saleh Naji	Residential	2	\$ 743,704	0.91%
Total Assessed Value of Top Ten Taxpayers				\$55,766,856	68.42%
Source: California Municipal Statistic Inc. based upon the Fresno County 2005-06 Assessment Roll					

TABLE H-3 RUBI GARDENS AMENDMENT AREA 2005/06 TOP 10 SECURED TAXPAYERS Total Secured Value of \$19,568,911					
	Owner	Land Use	Number of Parcels	Assessed Value	Percentage of Total Roll
1	Firebaugh Garden Associates	Residential	1	\$ 1,806,800	9.23%
2	Firebaugh San Joaquin Vista Associates	Residential	1	\$ 365,251	1.87%
3	Fernando and Maria Guadalupe Rodriguez	Residential	1	\$ 135,075	0.69%
4	Hubaldo and Elvira Figueroa	Residential	1	\$ 134,640	0.69%
5	Jose and Sandra Quintero	Residential	1	\$ 124,440	0.64%
6	Manuel and Beatriz S. Ramirez	Residential	1	\$ 122,153	0.62%
7	Jose Luis Zapata	Residential	1	\$ 120,000	0.61%
8	Carlos and Rom Nunez	Residential	1	\$ 115,598	0.59%
9	Ramiro Martinez and Juana Martine Zavala	Residential	1	\$ 112,200	0.57%
10	Lydia H. and Jose C. Jimenez	Residential	1	\$ 111,561	0.57%
Total Assessed Value of Top Ten Taxpayers				\$3,147,718	16.09%
Source: California Municipal Statistic Inc. based upon the Fresno County 2005-06 Assessment Roll					

TABLE H-4 STOREY AVENUE AMENDMENT AREA 2005/06 TOP 10 SECURED TAXPAYERS Total Secured Value of \$13,785,171					
	Owner	Land Use	Number of Parcels	Assessed Value	Percentage of Total Roll
1	Hacienda Villa Associates LP	Residential	1	\$ 3,636,000	26.38%
2	Manuel B. and Maria M. Calderon	Residential	1	\$ 218,540	1.59%
3	Nagi Family Irrevocable Trust Number One	Residential	1	\$ 147,900	1.07%
4	Baudelio M. and Maria Tiscareno	Residential	1	\$ 143,009	1.04%
5	Ralph M. Conrad	Residential	1	\$ 142,800	1.04%
6	Lionnell E. and Melissa M. Cobb	Residential	1	\$ 140,000	1.02%
7	Adrian Gutierrez	Residential	1	\$ 136,226	0.99%
8	Arturo A. and Patricia H. Arreola	Residential	1	\$ 135,000	0.98%
9	Salvador and Ana Maria Fuentes	Residential	1	\$ 135,000	0.98%
10	Rogelio and Juana P. Ortiz	Residential	1	\$ 131,790	0.96%
Total Assessed Value of Top Ten Taxpayers				\$4,966,265	36.03%
Source: California Municipal Statistic Inc. based upon the Fresno County 2005-06 Assessment Roll					

VII. LAND USE AND ASSESSED VALUATION

Table I-1 details the Secured Assessed Valuation by Land Use Category for the Project Area and Tables I-1 through I-4 detail the 2005-06 Secured Assessed Valuation by Land Use Category for each of the constituent areas of the Project Area.

TABLE I-1 FIREBAUGH REDEVELOPMENT PROJECT ESTIMATED BREAKDOWN OF LAND USE AND ASSESSED VALUE /1 2005-06				
Land Use	Assessed Value	% of Total AV	# of Parcels	% of Total Acreage
Agriculture	642,718	0.560%	7	1.06%
Commercial	16,480,296	14.348%	135	20.36%
Industrial	55,343,335	48.183%	69	10.41%
Govt./Social/Institut	16,575	0.014%	7	1.06%
Residential/Single Family	31,527,928	27.449%	356	53.70%
Residential/Multi-family	10,668,339	9.288%	67	10.11%
Misc. Residential	8,016	0.007%	1	0.15%
Vacant	174,334	0.152%	21	3.17%
Totals	\$114,861,541	100%	663	100%

Source: California Municipal Statistics Inc. compiled from the 2005-06 Fresno County Assessment Roll

TABLE I-2 FIREBAUGH PROJECT AREA ESTIMATED BREAKDOWN OF LAND USE AND ASSESSED VALUE /1 2005-06				
Land Use	Assessed Value	% of Total AV	# of Parcels	% of Total Parcels
Agriculture	642,718	0.789%	7	1.90%
Commercial	16,480,296	20.219%	135	36.59%
Industrial	55,343,335	67.900%	69	18.70%
Govt./Social/Institut	16,575	0.020%	7	1.90%
Residential/Single Family	3,981,897	4.885%	65	17.62%
Residential/Multi-family	4,860,288	5.963%	64	17.34%
Misc. Residential	8,016	0.010%	1	0.27%
Vacant	174,334	0.214%	21	5.69%
Totals	\$81,507,459	100%	369	100%

Source: California Municipal Statistics Inc. compiled from the 2005-06 Fresno County Assessment Roll

TABLE I-3 RUBI GARDENS AMENDMENT AREA ESTIMATED BREAKDOWN OF LAND USE AND ASSESSED VALUE /1 2005-06				
Land Use	Assessed Value	% of Total AV	# of Parcels	% of Total Acreage
Residential/Single Family	17,396,860	88.901%	187	98.94%
Residential/Multi-family	2,172,051	11.099%	2	1.06%
Totals	\$19,568,911	100%	189	100%

Source: California Municipal Statistics Inc. compiled from the 2005-06 Fresno County Assessment Roll

TABLE I-4 STOREY AVENUE AMENDMENT AREA ESTIMATED BREAKDOWN OF LAND USE AND ASSESSED VALUE /1 2005-06				
Land Use	Assessed Value	% of Total AV	# of Parcels	% of Total Parcels
Residential/Single Family	10,149,171	73.624%	104	99.05%
Residential/Multi-family	3,636,000	26.376%	1	0.95%
Totals	\$13,785,171	100%	105	100%

Source: California Municipal Statistics Inc. compiled from the 2005-06 Fresno County Assessment Roll

VIII. ASSESSMENT APPEALS

According to the Office of Fresno County Assessor's Office, there has been one assessment appeal in the Project Area within the last three (3) years as detailed in Table J.

TABLE J
FIREBAUGH REDEVELOPMENT AGENCY
FIREBAUGH REDEVELOPMENT PROJECT-ORIGINAL AREA
ASSESSMENT APPEALS

APN	Year	Status	Appeal	Appeal Request	Assessed Value	\$ Difference	% Difference
007 080 02	2005-06	Pending	Personal Property	\$1,800	\$100,000	\$98,200	98.2%

IX. CONCLUSION

In preparation of this Report, RSG has attempted to take all pertinent factors into consideration. Our goal is to provide realistic revenue projections while attempting to not overstate future tax revenues. While precautions have been taken to assure the accuracy of the data used in the formulation of these projections, it cannot be assured that projected valuations will be realized. Future events and conditions that cannot be controlled may affect actual values.

APPENDIX

TABLE 1
REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
TAX INCREMENT PROJECTIONS

Fiscal Years	Firebaugh Redevelopment Project Area												Total Combined Project Area				Cumulative
	Original Area				Rubi Gardens Amend. Area				Storey Ave. Amend. Area				Total	Net Tax	Housing	Total Net TI	Gross
	Gross	Net Tax Inc.	Housing	Total Tax Inc.	Gross	Net Tax Inc.	Housing	Total Tax Inc.	Gross	Net Tax Inc.	Housing	Total Tax Inc.	Gross	Increment	Set Aside	Housing &	Tax Inc.
	Tax Inc.	Revenue/1	Fund	to Agency	Tax Inc.	Revenue/1	Fund	to Agency	Tax Inc.	Revenue/1	Fund	to Agency	Tax Inc.	Revenue	Fund	Non-housing	Revenue
2005-06	644,800	420,459	129,566	550,015	170,889	130,615	34,977	165,592	133,616	86,037	27,348	113,385	949,306	637,111	Gross TI Received through 2004-05 =		\$9,639,406
2006-07	665,468	362,997	133,708	496,705	174,713	132,802	35,760	168,562	136,310	73,241	27,900	101,141	976,492	569,040	191,882	828,993	\$11,499,062
2007-08	677,578	369,603	136,142	505,744	179,891	135,763	36,820	172,583	139,058	74,717	28,462	103,180	996,527	580,083	197,368	766,408	\$12,475,554
2008-09	694,460	378,812	139,534	518,345	183,896	138,052	37,640	175,692	141,861	76,223	29,036	105,259	1,020,217	593,087	201,424	781,507	\$13,472,082
2009-10	711,680	388,204	142,993	531,198	187,980	140,388	38,476	178,864	144,720	77,380	29,621	107,001	1,044,380	605,973	206,209	799,296	\$14,492,298
2010-11	729,244	397,785	146,522	544,308	192,146	142,770	39,328	182,099	147,636	78,560	30,218	108,778	1,069,026	619,116	211,090	817,063	\$15,536,678
2011-12	747,159	407,568	150,122	567,680	196,396	145,200	40,198	185,398	150,610	83,694	30,827	94,521	1,094,165	616,452	216,069	835,185	\$16,605,704
2012-13	765,433	417,526	153,794	571,319	200,730	147,679	41,085	188,764	153,644	84,598	31,448	96,046	1,119,807	629,802	221,147	837,599	\$17,699,870
2013-14	784,072	427,693	157,539	585,232	205,151	150,207	41,990	192,197	156,739	85,520	32,081	97,601	1,145,962	629,802	226,327	856,129	\$18,819,677
2014-15	803,084	438,063	161,359	599,422	209,661	152,785	42,913	195,699	159,895	86,461	32,727	99,188	1,172,640	643,420	231,610	875,030	\$19,965,640
2015-16	822,477	448,641	165,255	613,896	214,260	154,643	43,855	198,497	163,115	87,420	33,386	100,806	1,199,852	657,309	236,999	894,308	\$21,138,280
2016-17	842,257	459,431	169,229	628,660	218,952	156,537	44,815	201,352	166,399	88,398	34,058	102,457	1,227,608	670,704	239,999	894,308	\$21,138,280
2017-18	862,432	470,436	173,283	643,719	223,738	158,470	45,795	204,264	169,748	89,396	34,744	104,140	1,255,919	684,367	242,496	913,200	\$22,338,132
2018-19	883,011	481,662	177,418	659,080	228,619	160,441	46,794	207,235	173,165	90,415	35,443	105,858	1,284,796	698,303	248,103	932,470	\$23,565,739
2019-20	904,002	493,112	181,636	674,747	233,598	162,452	47,813	210,264	176,650	91,065	36,157	107,221	1,314,250	684,367	248,103	932,470	\$23,565,739
2020-21	925,413	504,791	185,937	690,728	238,676	164,502	48,852	213,355	180,205	91,728	36,884	108,612	1,344,294	698,303	253,822	952,124	\$24,821,658
2021-22	947,252	516,703	190,325	707,029	243,857	166,594	49,912	216,507	183,831	92,404	37,626	110,031	1,374,939	709,655	259,655	972,172	\$26,106,453
2022-23	969,527	528,854	194,801	723,655	249,140	168,728	50,994	219,722	187,529	93,094	38,383	111,477	1,406,196	726,628	265,605	992,233	\$27,420,704
2023-24	992,248	541,248	199,366	740,614	254,529	170,904	52,097	223,001	191,301	93,798	39,155	112,953	1,438,079	741,021	271,674	1,012,695	\$28,764,998
2024-25	1,015,424	553,890	204,023	757,912	260,027	173,124	53,222	226,346	195,149	94,516	39,943	114,459	1,470,599	755,702	277,864	1,033,566	\$30,139,936
2025-26	1,039,063	566,784	208,772	775,556	265,634	175,388	54,370	229,758	199,073	95,248	40,746	115,994	1,503,770	770,676	284,178	1,054,854	\$31,546,133
2026-27	1,063,175	579,936	213,617	793,554	271,353	177,698	55,540	233,238	203,077	95,995	41,566	117,560	1,537,604	785,950	290,619	1,076,569	\$32,984,211
2027-28	1,087,769	593,352	218,559	811,910	277,186	180,054	56,734	236,788	207,160	96,756	42,401	119,158	1,572,115	801,529	297,188	1,098,717	\$34,454,811
2028-29	1,112,855	607,036	223,599	830,635	283,137	182,456	57,952	240,409	211,325	97,533	43,254	120,787	1,607,316	817,420	303,888	1,121,309	\$35,958,580
2029-30	1,138,442	620,993	228,740	849,733	289,206	184,907	59,194	244,102	215,573	98,326	44,123	122,449	1,643,221	833,629	310,723	1,144,352	\$37,496,184
2030-31	1,164,542	635,230	233,984	869,214	295,397	187,407	60,462	247,869	219,906	99,134	45,010	124,144	1,679,844	847,420	303,888	1,121,309	\$35,958,580
2031-32	1,191,163	649,751	239,333	889,084	301,711	189,957	61,754	251,711	224,326	99,959	45,915	125,874	1,717,200	850,162	317,694	1,167,856	\$39,068,299
2032-33	1,218,317	664,563	244,789	909,352	308,152	192,558	63,072	255,630	228,834	100,800	46,838	127,637	1,755,302	867,025	324,805	1,191,830	\$40,675,615
2033-34	1,246,014	679,671	250,354	930,025	314,721	195,211	64,417	259,628	233,432	101,658	47,779	129,436	1,794,167	875,030	324,805	1,191,830	\$40,675,615
2034-35	1,274,264	695,081	256,030	951,111	321,422	197,917	65,789	263,705	238,123	102,533	48,739	131,271	1,833,809	884,226	332,058	1,216,284	\$42,318,836
2035-36					328,257	199,912	67,187	267,099	242,907	83,425	49,718	133,143	571,164	896,539	362,549	1,319,089	\$49,265,349
2036-37									247,787	84,335	50,717	135,052	247,787	906,539	370,557	1,346,088	\$51,099,159
2037-38									252,764	85,264	51,736	137,000	252,764	917,530	376,549	1,356,088	\$51,670,323
2038-39									257,841	86,211	52,775	138,986	257,841	928,530	382,549	1,366,088	\$51,670,323
2039-40									263,019	86,792	53,835	140,627	263,019	939,530	387,549	1,376,088	\$51,670,323
Totals	\$27,922,624	\$15,299,864	\$5,610,318	\$20,910,182	\$7,523,026	\$5,116,121	\$1,539,808	\$6,655,930	\$6,696,327	\$2,652,634	\$1,370,600	\$4,023,234	\$42,141,977	\$23,068,620	\$8,520,726	\$31,589,346	

TABLE 2-A

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT AREA-ORIGINAL AREA

Plan Yr.	Statutory PT Yr.	Growth Rate	Assessed Value Forecast						Gross	Housing	County	County of	Co. Library	Statutory Pass-through Payments/3			Estimated				
			Secured/1	Secured Utility (held constant)	Unsecured (held constant)	New Value Added	Total	Incremental Increase	Tax					Fund	Admin.	Fresno	District	Tier 1 Amt	Tier 2-Amt	Total	Net Rev.
									Increment/2					Deposits	Charge	Pass-through	Pass-through	0.25	0.21	Statutory Pass-through	(less Housing & Pass-thrus)
BY	1982/83		24,088,909								0.0235				66.32%						
22	1	2005-06	81,507,459	1,001,179	6,358,125		88,866,763	64,777,854	644,800	129,556	(15,153)	(68,800)	(10,833)	(3,995)		(3,995)	420,459				
23	2	2006-07	83,137,608	1,001,179	6,358,125	446,179	90,943,091	66,854,182	665,468	133,708	(15,639)	(141,944)	(11,180)	(6,737)		(6,737)	362,997				
24	3	2007-08	84,800,360	1,001,179	6,358,125		92,159,664	68,070,755	677,578	136,142	(15,923)	(144,527)	(11,383)	(8,343)		(8,343)	369,603				
25	4	2008-09	86,496,368	1,001,179	6,358,125		93,855,672	69,766,763	694,460	139,534	(16,320)	(148,128)	(11,667)	(10,582)		(10,582)	378,812				
26	5	2009-10	88,226,295	1,001,179	6,358,125		95,585,599	71,496,690	711,680	142,993	(16,724)	(151,801)	(11,956)	(12,866)		(12,866)	388,204				
27	6	2010-11	89,990,821	1,001,179	6,358,125		97,350,125	73,261,216	729,244	146,522	(17,137)	(155,548)	(12,251)	(15,196)		(15,196)	397,785				
28	7	2011-12	91,790,637	1,001,179	6,358,125		99,149,941	75,061,032	747,159	150,122	(17,558)	(159,369)	(12,552)	(17,572)		(17,572)	407,558				
29	8	2012-13	93,626,450	1,001,179	6,358,125		100,985,754	76,896,845	765,433	153,794	(17,988)	(163,267)	(12,859)	(19,996)		(19,996)	417,526				
30	9	2013-14	95,498,979	1,001,179	6,358,125		102,858,283	78,769,374	784,072	157,539	(18,426)	(167,243)	(13,172)	(22,468)		(22,468)	427,693				
31	10	2014-15	97,408,959	1,001,179	6,358,125		104,768,263	80,679,354	803,084	161,359	(18,872)	(171,298)	(13,492)	(24,990)		(24,990)	438,063				
32	11	2015-16	99,357,138	1,001,179	6,358,125		106,716,442	82,627,533	822,477	165,255	(19,328)	(175,434)	(13,818)	(27,562)	(2,161)	(29,723)	448,641				
33	12	2016-17	101,344,280	1,001,179	6,358,125		108,703,584	84,614,675	842,257	169,229	(19,793)	(179,653)	(14,150)	(30,186)	(4,364)	(34,551)	459,431				
34	13	2017-18	103,371,166	1,001,179	6,358,125		110,730,470	86,641,561	862,432	173,283	(20,267)	(183,957)	(14,489)	(32,862)	(6,612)	(39,475)	470,436				
35	14	2018-19	105,438,589	1,001,179	6,358,125		112,797,893	88,708,984	883,011	177,418	(20,751)	(188,346)	(14,835)	(35,592)	(8,905)	(44,497)	481,662				
36	15	2019-20	107,547,361	1,001,179	6,358,125		114,906,665	90,817,756	904,002	181,636	(21,244)	(192,824)	(15,187)	(38,376)	(11,244)	(49,620)	493,112				
37	16	2020-21	109,698,308	1,001,179	6,358,125		117,057,612	92,968,703	925,413	185,937	(21,747)	(197,391)	(15,547)	(41,216)	(13,630)	(54,845)	504,791				
38	17	2021-22	111,892,275	1,001,179	6,358,125		119,251,579	95,162,670	947,252	190,325	(22,260)	(202,049)	(15,914)	(44,113)	(16,063)	(60,175)	516,703				
39	18	2022-23	114,130,120	1,001,179	6,358,125		121,489,420	97,400,515	969,527	194,801	(22,784)	(206,800)	(16,288)	(47,067)	(18,545)	(65,612)	528,854				
40	19	2023-24	116,412,722	1,001,179	6,358,125		123,772,026	99,683,117	992,248	199,366	(23,318)	(211,647)	(16,670)	(50,081)	(21,076)	(71,157)	541,248				
41	20	2024-25	118,740,977	1,001,179	6,358,125		126,100,281	102,011,372	1,015,424	204,023	(23,862)	(216,590)	(17,059)	(53,155)	(23,658)	(76,813)	553,890				
42	21	2025-26	121,115,796	1,001,179	6,358,125		128,475,100	104,386,191	1,039,063	208,772	(24,418)	(221,632)	(17,456)	(56,290)	(26,292)	(82,583)	566,784				
43	22	2026-27	123,538,112	1,001,179	6,358,125		130,897,416	106,808,507	1,063,175	213,617	(24,985)	(226,775)	(17,861)	(59,489)	(28,979)	(88,467)	579,936				
44	23	2027-28	126,008,875	1,001,179	6,358,125		133,368,179	109,279,270	1,087,769	218,559	(25,563)	(232,021)	(18,275)	(62,751)	(31,719)	(94,470)	593,352				
45	24	2028-29	128,529,052	1,001,179	6,358,125		135,888,356	111,799,447	1,112,855	223,599	(26,152)	(237,372)	(18,696)	(66,078)	(34,514)	(100,592)	607,036				
46	25	2029-30	131,099,633	1,001,179	6,358,125		138,458,937	114,370,028	1,138,442	228,740	(26,753)	(242,830)	(19,126)	(69,472)	(37,365)	(106,837)	620,993				
47	26	2030-31	133,721,626	1,001,179	6,358,125		141,080,930	116,992,021	1,164,542	233,984	(27,367)	(248,397)	(19,564)	(72,934)	(40,273)	(113,207)	635,230				
48	27	2031-32	136,396,058	1,001,179	6,358,125		143,755,362	119,666,453	1,191,163	239,333	(27,992)	(254,075)	(20,012)	(76,465)	(43,239)	(119,704)	649,751				
49	28	2032-33	139,123,980	1,001,179	6,358,125		146,483,284	122,394,375	1,218,317	244,789	(28,630)	(259,867)	(20,468)	(80,067)	(46,264)	(126,331)	664,563				
50	29	2033-34	141,906,459	1,001,179	6,358,125		149,265,763	125,176,854	1,246,014	250,354	(29,281)	(265,775)	(20,933)	(83,740)	(49,350)	(133,090)	679,671				
51	30	2034-35	144,744,588	1,001,179	6,358,125		152,103,892	128,014,983	1,274,264	256,030	(29,945)	(271,801)	(21,408)	(87,488)	(52,498)	(139,985)	695,081				
Totals									27,922,624	5,610,318	(656,182)	(5,887,160)	(469,100)	(1,257,730)	(516,750)	(1,774,480)	15,299,864				

1/Per County of Fresno Auditor-Controller 2005-06 Preliminary Reports

2/Auditor-Controller adjusted tax rate

3/Pursuant to the adoption Ordinance No. 03-05 eliminated the time limitation on incurring debt, the Project Area is subject to statutory payment to all taxing agency that did not have an agreement providing for the sharing of tax increment revenues.

TABLE 2-B
REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH
FIREBAUGH REDEVELOPMENT PROJECT AREA-RUBI GARDENS AMENDMENT AREA

Plan Yr.	Statutory PT Yr.	Growth Rate	Assessed Value Forecast /2				Gross			Statutory Pass-through Payments /4				E stimated	
			Secured/1	New Value Added	Total	Incremental Increase	Tax Increment/3 0.97714%	Housing Fund Deposits	County Admin. Charge	@ 1% General Levy Rate			Total Statutory Paymnts	Net Rev. (less Housing & Pass-throughs)	
										Tier 1 Amt 0.25	Tier 2-Amt 0.21	Tier 3 -Amt 0.14			
BY	1984-85		2,080,169												
20	1	2005-06	19,568,911		19,568,911	17,488,742	170,889	34,977	(4,016)	(1,281)		(1,281)	130,615		
21	2	2006-07	2%	19,960,289	128,131	19,960,289	17,880,120	174,713	35,760	(4,106)	(2,046)	(2,046)	132,802		
22	3	2007-08	2%	20,490,189		20,490,189	18,410,020	179,891	36,820	(4,227)	(3,081)	(3,081)	135,763		
23	4	2008-09	2%	20,899,992		20,899,992	18,819,823	183,896	37,640	(4,322)	(3,882)	(3,882)	138,052		
24	5	2009-10	2%	21,317,992		21,317,992	19,237,823	187,980	38,476	(4,418)	(4,699)	(4,699)	140,388		
25	6	2010-11	2%	21,744,352		21,744,352	19,664,183	192,146	39,328	(4,515)	(5,532)	(5,532)	142,770		
26	7	2011-12	2%	22,179,239		22,179,239	20,099,070	196,396	40,198	(4,615)	(6,382)	(6,382)	145,200		
27	8	2012-13	2%	22,622,824		22,622,824	20,542,655	200,730	41,085	(4,717)	(7,249)	(7,249)	147,679		
28	9	2013-14	2%	23,075,280		23,075,280	20,995,111	205,151	41,990	(4,821)	(8,133)	(8,133)	150,207		
29	10	2014-15	2%	23,536,786		23,536,786	21,456,617	209,661	42,913	(4,927)	(9,035)	(9,035)	152,785		
30	11	2015-16	2%	24,007,522		24,007,522	21,927,353	214,260	43,855	(5,035)	(9,955)	(773)	(10,728)	154,643	
31	12	2016-17	2%	24,487,672		24,487,672	22,407,503	218,952	44,815	(5,145)	(10,893)	(1,561)	(12,454)	156,537	
32	13	2017-18	2%	24,977,426		24,977,426	22,897,257	223,738	45,795	(5,258)	(11,851)	(2,365)	(14,216)	158,470	
33	14	2018-19	2%	25,476,974		25,476,974	23,396,805	228,619	46,794	(5,373)	(12,827)	(3,185)	(16,012)	160,441	
34	15	2019-20	2%	25,986,514		25,986,514	23,906,345	233,598	47,813	(5,490)	(13,823)	(4,021)	(17,844)	162,452	
35	16	2020-21	2%	26,506,244		26,506,244	24,426,075	238,676	48,852	(5,609)	(14,838)	(4,875)	(19,713)	164,502	
36	17	2021-22	2%	27,036,369		27,036,369	24,956,200	243,857	49,912	(5,731)	(15,874)	(5,745)	(21,619)	166,594	
37	18	2022-23	2%	27,577,096		27,577,096	25,496,927	249,140	50,994	(5,855)	(16,931)	(6,633)	(23,564)	168,728	
38	19	2023-24	2%	28,128,638		28,128,638	26,048,469	254,529	52,097	(5,981)	(18,009)	(7,538)	(25,547)	170,904	
39	20	2024-25	2%	28,691,211		28,691,211	26,611,042	260,027	53,222	(6,111)	(19,108)	(8,461)	(27,570)	173,124	
40	21	2025-26	2%	29,265,035		29,265,035	27,184,866	265,634	54,370	(6,242)	(20,230)	(9,403)	(29,633)	175,388	
41	22	2026-27	2%	29,850,336		29,850,336	27,770,167	271,353	55,540	(6,377)	(21,374)	(10,364)	(31,738)	177,698	
42	23	2027-28	2%	30,447,342		30,447,342	28,367,173	277,186	56,734	(6,514)	(22,540)	(11,344)	(33,885)	180,054	
43	24	2028-29	2%	31,056,289		31,056,289	28,976,120	283,137	57,952	(6,654)	(23,730)	(12,344)	(36,074)	182,456	
44	25	2029-30	2%	31,677,415		31,677,415	29,597,246	289,206	59,194	(6,796)	(24,944)	(13,364)	(38,308)	184,907	
45	26	2030-31	2%	32,310,963		32,310,963	30,230,794	295,397	60,462	(6,942)	(26,182)	(14,404)	(40,586)	187,407	
46	27	2031-32	2%	32,957,183		32,957,183	30,877,014	301,711	61,754	(7,090)	(27,445)	(15,464)	(42,910)	189,957	
47	28	2032-33	2%	33,616,326		33,616,326	31,536,157	308,152	63,072	(7,242)	(28,733)	(16,546)	(45,280)	192,558	
48	29	2033-34	2%	34,288,653		34,288,653	32,208,484	314,721	64,417	(7,396)	(30,047)	(17,650)	(47,697)	195,211	
49	30	2034-35	2%	34,974,426		34,974,426	32,894,257	321,422	65,789	(7,553)	(31,387)	(18,776)	(50,163)	197,917	
50	31	2035-36	2%	35,673,914		35,673,914	33,593,745	328,257	67,187	(7,714)	(32,754)	(19,924)	(766)	(53,444)	199,912
Totals							7,523,026	1,539,808	(176,791)	(484,799)	(204,741)	(766)	(690,305)	5,116,121	

1/Per County of Fresno Auditor-Controller 2005-06 Preliminary Reports

2/Amendment Area has no unsecured value-no growth in unsecured value is projected

3/Auditor-Controller adjusted tax rate

4/Pursuant to the adoption Ordinance No. 03-05 eliminated the time limitation on incurring debt, the Project Area is subject to statutory payment to all taxing agency that did not have an agreement providing for the sharing of tax increment revenues.

TABLE 2-C

REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH

FIREBAUGH REDEVELOPMENT PROJECT AREA-STOREY AVENUE AMENDMENT AREA

Plan Yr.	Statutory PT Yr.	Growth Rate	Assessed Value Forecast/2				Gross	County of	Co. Library	County	2% Payments	Statutory Pass-through Payments/3			Estimated		
			Secured/1	New	Total	Incremental	Tax					Housing	County of	Co. Library	County	2% Payments	Total
							Increment	Fund	Fresno	District	Admin.	Fireb. Unif.	Tier 1 Amt	Tier 2-Amt	Tier 3 -Amt	Statutory	(less Housing
							Value Added	0.97714%	Deposits	Pass-thru	Pass-thru	Charge	Co. Sch.	0.25	0.21	0.14	Paymnts
BY	1988-89		110,927									66.32%					
17	2005-06	2%	13,785,171		13,785,171	13,674,244	133,616	27,348	(14,257)	(2,834)	(3,140)	(205)			-	86,037	
18	2006-07	2%	14,060,874	97,043	14,060,874	13,949,947	136,310	27,900	(29,075)	(2,891)	(3,203)	(218)			-	73,241	
19	2007-08	2%	14,342,092		14,342,092	14,231,165	139,058	28,462	(29,661)	(2,949)	(3,268)	(232)			-	74,717	
20	2008-09	2%	14,628,934		14,628,934	14,518,007	141,861	29,036	(30,259)	(3,009)	(3,334)	(246)			-	76,223	
21	1	2009-10	2%	14,921,512		14,921,512	14,810,585	144,720	(30,869)	(3,070)	(3,401)	(261)	(379)		(379)	77,380	
22	2	2010-11	2%	15,219,943		15,219,943	15,109,016	147,636	(31,491)	(3,131)	(3,469)	(275)	(766)		(766)	78,560	
23	3	2011-12	2%	15,524,342		15,524,342	15,413,415	150,610	(48,195)	(3,194)	(3,539)	(290)	(1,161)		(1,161)	63,694	
24	4	2012-13	2%	15,834,828		15,834,828	15,723,901	153,644	(49,166)	(3,259)	(3,611)	(306)	(1,563)		(1,563)	64,598	
25	5	2013-14	2%	16,151,525		16,151,525	16,040,598	156,739	(50,156)	(3,324)	(3,683)	(321)	(1,973)		(1,973)	65,520	
26	6	2014-15	2%	16,474,555		16,474,555	16,363,628	159,895	(51,166)	(3,391)	(3,758)	(337)	(2,392)		(2,392)	66,461	
27	7	2015-16	2%	16,804,047		16,804,047	16,693,120	163,115	(52,197)	(3,460)	(3,833)	(353)	(2,819)		(2,819)	67,420	
28	8	2016-17	2%	17,140,127		17,140,127	17,029,200	166,399	(53,248)	(3,529)	(3,910)	(370)	(3,255)		(3,255)	68,398	
29	9	2017-18	2%	17,482,930		17,482,930	17,372,003	169,748	(54,320)	(3,600)	(3,989)	(387)	(3,699)		(3,699)	69,396	
30	10	2018-19	2%	17,832,589		17,832,589	17,721,662	173,165	(55,413)	(3,673)	(4,069)	(404)	(4,152)		(4,152)	70,415	
31	11	2019-20	2%	18,189,240		18,189,240	18,078,313	176,650	(56,528)	(3,747)	(4,151)	(422)	(4,614)	(388)	(5,003)	71,065	
32	12	2020-21	2%	18,553,025		18,553,025	18,442,098	180,205	(57,666)	(3,822)	(4,235)	(440)	(5,086)	(784)	(5,870)	71,728	
33	13	2021-22	2%	18,924,086		18,924,086	18,813,159	183,831	(58,826)	(3,899)	(4,320)	(458)	(5,567)	(1,188)	(6,755)	72,404	
34	14	2022-23	2%	19,302,567		19,302,567	19,191,640	187,529	(60,009)	(3,977)	(4,407)	(476)	(6,057)	(1,600)	(7,658)	73,094	
35	15	2023-24	2%	19,688,619		19,688,619	19,577,692	191,301	(61,216)	(4,057)	(4,496)	(496)	(6,558)	(2,021)	(8,578)	73,798	
36	16	2024-25	2%	20,082,391		20,082,391	19,971,464	195,149	(62,448)	(4,139)	(4,586)	(515)	(7,068)	(2,449)	(9,517)	74,516	
37	17	2025-26	2%	20,484,039		20,484,039	20,373,112	199,073	(63,703)	(4,222)	(4,678)	(535)	(7,589)	(2,887)	(10,475)	75,248	
38	18	2026-27	2%	20,893,720		20,893,720	20,782,793	203,077	(64,985)	(4,307)	(4,772)	(555)	(8,120)	(3,333)	(11,452)	75,995	
39	19	2027-28	2%	21,311,594		21,311,594	21,200,667	207,160	(66,291)	(4,394)	(4,868)	(576)	(8,661)	(3,788)	(12,449)	76,756	
40	20	2028-29	2%	21,737,826		21,737,826	21,626,899	211,325	(67,624)	(4,482)	(4,966)	(597)	(9,214)	(4,252)	(13,465)	77,533	
41	21	2029-30	2%	22,172,583		22,172,583	22,061,656	215,573	(68,983)	(4,572)	(5,066)	(618)	(9,777)	(4,725)	(14,502)	78,326	
42	22	2030-31	2%	22,616,034		22,616,034	22,505,107	219,906	(70,370)	(4,664)	(5,168)	(640)	(10,352)	(5,208)	(15,560)	79,134	
43	23	2031-32	2%	23,068,355		23,068,355	22,957,428	224,326	(71,784)	(4,758)	(5,272)	(662)	(10,938)	(5,700)	(16,638)	79,959	
44	24	2032-33	2%	23,529,722		23,529,722	23,418,795	228,834	(73,227)	(4,854)	(5,378)	(685)	(11,536)	(6,202)	(17,739)	80,800	
45	25	2033-34	2%	24,000,316		24,000,316	23,889,389	233,432	(74,698)	(4,951)	(5,486)	(708)	(12,146)	(6,715)	(18,861)	81,658	
46	26	2034-35	2%	24,480,323		24,480,323	24,369,396	238,123	(76,199)	(5,051)	(5,596)	(732)	(12,768)	(7,237)	(20,006)	82,533	
47	27	2035-36	2%	24,969,929		24,969,929	24,859,002	242,907	(77,730)	(5,152)	(5,708)	(756)	(13,403)	(7,770)	(21,173)	83,425	
48	28	2036-37	2%	25,469,328		25,469,328	25,358,401	247,787	(79,292)	(5,256)	(5,823)	(780)	(14,050)	(8,314)	(22,364)	84,335	
49	29	2037-38	2%	25,978,714		25,978,714	25,867,787	252,764	(80,884)	(5,361)	(5,940)	(806)	(14,710)	(8,869)	(23,579)	85,264	
50	30	2038-39	2%	26,498,289		26,498,289	26,387,362	257,841	(82,509)	(5,469)	(6,059)	(831)	(15,384)	(9,434)	(24,818)	86,211	
51	31	2039-40	2%	27,028,254		27,028,254	26,917,327	263,019	(84,166)	(5,579)	(6,181)	(857)	(16,070)	(10,011)	(385)	(26,466)	86,792
Totals							6,696,327	1,370,600	(2,038,611)	(142,029)	(157,364)	(17,347)	(231,827)	(102,877)	(385)	(335,088)	2,565,842

1/Per County of Fresno Auditor-Controller 2005-06 Preliminary Reports

2/Amendment Area has no unsecured value-no growth in unsecured value is projected

3/Auditor-Controller adjusted tax rate

4/Pursuant to the adoption Ordinance No. 03-05 eliminated the time limitation on incurring debt, the Project Area is subject to statutory payment to all taxing agency that did not have an agreement providing for the sharing of tax increment revenues.

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APPENDIX C

CITY OF FIREBAUGH ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information regarding the City and the surrounding area of Fresno County is presented as general background data. The Bonds are payable solely from the sources described herein (see "SECURITY FOR THE BONDS"). The taxing power of the City of Firebaugh, the County of Fresno, the State of California or any political subdivision thereof is not pledged to the payment of the Bonds. See the information under the caption "THE BONDS."

General Description

The City is a general law city incorporated on December 17, 1914. The City is located in Fresno County, approximately 43 miles west of the City of Fresno and 19 miles east of Interstate 5, the main north-south link between San Francisco and Los Angeles. The City has a Mediterranean climate with temperature extremes in the summer ranging between 85 and 105 degrees and in the winter season, between 29 and 50 degrees. The average annual rainfall is 7.23 inches.

Government

The City adopted a Council-Manager form of government consisting of five Council Members elected to four-year overlapping terms. The Mayor is appointed by the City Council.

Population

The City's population, as of January 1, 2005, was estimated to be 6,741 according to the State Department of Finance-Demographic Research Unit. A historical summary of the City's population (as of January 1 of each year) is shown below.

CITY OF FIREBAUGH POPULATION FOR PAST TEN YEARS (As of January 1)

<u>Year</u>	<u>Population</u>
1996	5,525
1997	5,625
1998	5,625
1999	5,600
2000	5,575
2001	5,794
2002	5,971
2003	6,216
2004	6,617
2005	6,741

Source: State Department of Finance, Demographic Research Unit.

Assessed Valuation and Property Taxes

Property in the City is assessed by the County Assessor. All ad valorem taxes levied on property in the City by the County, schools and special districts are due at the same time as, and are based on the same rolls as County taxes. The valuation of secured property is established as of January 1 of each year and is equalized for purposes of establishing tax rates in August. Ad valorem taxes on secured and utility property are payable on November 1 and June 1 of each fiscal year and become delinquent on December 10 and April 10, respectively. Taxes on unsecured property (personal property and leasehold) are due on March 1 of each year based on the preceding year's tax rate. A summary of the City's assessed valuation is as follows:

CITY OF FIREBAUGH ASSESSED VALUATIONS (Fiscal Years 1995/96-2004/05)

<u>Fiscal Year</u> <u>(June 30)</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before</u> <u>Rdv. Increment</u>
1996	\$108,744,495	\$ 339,581	\$12,364,871	\$121,448,947
1997	116,988,520	331,227	8,251,009	125,570,756
1998	120,652,294	367,722	9,068,272	130,088,288
1999	123,028,127	488,820	9,309,303	132,826,250
2000	126,667,839	457,312	9,923,103	137,048,254
2001	132,433,488	442,598	10,276,711	143,152,797
2002	146,269,217	1,014,102	10,082,009	157,365,328
2003	158,888,358	1,000,366	9,449,021	169,337,745
2004	170,264,154	1,023,356	8,691,646	179,979,156
2005	179,081,059	865,745	9,895,625	189,842,429

Source: City of Firebaugh.

Commerce

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

CITY OF FIREBAUGH SUMMARY OF TAXABLE RETAIL SALES (1999-2004)

<u>Year</u>	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>No. of Permits</u>	<u>Taxable Transactions</u>	<u>No. of Permits</u>	<u>Taxable Transactions</u>
1999	56	34,358	89	36,565
2000	57	39,026	90	43,460
2001	61	37,900	95	50,487
2002	57	46,690	96	50,264
2003	57	54,433	89	56,660
2004*	58	23,532	86	24,438

* Through Second Quarter of 2004

Source: State Board of Equalization

Employment and Industry

The City is located in Fresno County and is part of the Fresno Metropolitan Statistical Area labor market area. The distribution of employment in the Fresno Metropolitan Statistical Area labor market is as follows:

SUMMARY OF EMPLOYMENT FRESNO METROPOLITAN STATISTICAL AREA (2000 – 2005)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005*</u>
Civilian Labor Force ⁽¹⁾	387,000	388,000	400,600	404,500	409,500	413,600
Employment	346,500	346,300	354,000	356,700	367,000	378,700
Unemployment	40,500	41,700	46,600	47,800	42,500	34,800
Unemployment Rate	10.5%	10.7%	11.6%	11.8%	10.4%	8.4%
Total, All Industries ⁽²⁾	326,200	324,600	329,200	328,800	331,100	342,100
Total Farm	55,600	48,700	46,600	46,200	45,300	48,300
Total Non-farm	270,600	275,900	282,000	282,700	285,800	293,800
Goods Producing	43,100	43,500	44,000	45,400	47,700	51,800
Natural Res. & Mining	400	300	300	200	200	200
Construction	15,100	15,900	16,900	18,100	20,000	22,500
Manufacturing	27,600	27,200	26,900	27,100	27,400	29,100
Service Providing	227,500	232,400	238,000	237,300	238,100	242,000
Trade, Transp. & Utilities	53,200	53,900	54,900	55,900	55,800	56,800
Wholesale Trade	12,100	12,000	12,500	12,500	12,300	12,600
Retail Trade	32,100	32,600	32,900	33,800	33,900	34,000
Trans., Whse. & Utility	9,100	9,200	9,400	9,600	9,700	10,200
Information	5,000	5,100	4,700	4,200	4,500	4,500
Financial Activities	13,400	14,100	14,100	13,700	13,800	13,800
Prof. & Business Services	25,500	23,500	25,200	26,400	27,400	27,500
Education & Health Ser.	30,600	32,500	33,900	34,900	35,500	35,400
Leisure & Hospitality	24,300	24,500	24,200	23,600	24,000	25,000
Other Services	10,400	11,300	11,900	11,000	10,700	10,000
Government	65,100	67,600	69,100	67,600	66,400	68,600
Federal Government	11,500	11,800	11,700	11,400	10,600	11,300
State & Local Gov.	53,600	55,800	57,400	56,200	55,800	57,300

As of June, 2005.

(1) Civilian labor force data are by place of residence; include self-employed individuals, unpaid family workers, household domestic workers, & workers on strike.

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

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

Agriculture

Fresno County is part of the San Joaquin Valley, one of the most agriculturally productive areas on a per acre basis in the world. Approximately 2.1 million acres are planted with crops in Fresno County. The total gross production in 2004 was \$4,691,224.200. The following lists the value of agricultural products over the last five years.

FRESNO COUNTY
GROSS VALUE OF AGRICULTURAL PRODUCTION
(2000-2004)

<u>Product</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Field Crops	\$ 507,952,000	\$ 515,807,000	\$ 514,089,000	\$ 499,694,000	\$ 594,728,000
Seed Crops	35,068,000	42,880,000	61,005,000	37,423,000	18,972,000
Vegetable Crops	791,607,000	737,992,000	865,452,000	1,226,164,000	1,273,871,000
Fruit & Nut Crops	1,244,735,800	1,069,231,000	1,235,426,000	1,491,636,000	1,809,010,000
Nursery	28,904,600	32,013,900	32,406,600	32,724,700	35,067,000
Livestock	800,984,000	805,333,000	712,273,000	768,675,000	941,680,000
Apiary	9,209,000	9,798,900	11,179,400	11,063,800	11,603,200
Industrial	8,940,000	7,046,000	9,096,000	5,958,000	6,293,000
TOTAL:	\$3,427,400,400	\$3,220,101,800	\$3,440,926,400	\$4,073,338,500	\$4,691,224,200

Source: Fresno County Department of Agriculture.

FRESNO COUNTY'S
TEN LEADING CROPS

<u>Crop</u>	<u>2004 Rank</u>	<u>2004 Dollar Value</u>	<u>2003 Rank</u>	<u>1994 Rank</u>	<u>1984 Rank</u>
Grapes	1	\$ 592,099,000	1	2	2
Cotton	2	418,726,000	3	1	1
Tomatoes	3	408,030,000	2	4	4
Almonds	4	388,725,000	6	7	13
Milk	5	317,618,000	7	5	5
Cattle & Calves	6	311,164,000	4	6	3
Poultry	7	270,169,000	5	3	*
Onions	8	219,244,000	9	16	18
Oranges	9	190,512,000	8	10	7
Peaches	10	177,703,000	10	12	14
Top Ten Total:		\$3,293,990,000			

* Not previously combined for ranking purposes.
Source: Fresno County Department of Agriculture.

Construction Activity

The following table is a five-year summary of the valuation of residential and non-residential building permits issued in the City.

CITY OF FIREBAUGH BUILDING PERMIT VALUATION (2000-2005)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005*</u>
No. of New Housing Units	5	2	46	0	40	1
Residential						
Single-Dwelling	\$ 362,000	\$ 243,261	\$2,684,447	\$ 0	\$3,921,076	\$ 102,000
Multi-Family	0	0	0	0	0	0
Alterations, Additions	<u>43,000</u>	<u>51,400</u>	<u>67,851</u>	<u>231,509</u>	<u>121,707</u>	<u>76,849</u>
Total Residential:	405,000	294,661	2,752,298	231,509	4,042,783	178,849
Non-Residential						
New Commercial	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$1,397,123
New Industrial	0	0	0	0	0	0
Other New Non-Res.	20,700	40,000	76,608	86,800	447,257	26,234
Alterations, Additions	<u>76,260</u>	<u>0</u>	<u>190,500</u>	<u>127,382</u>	<u>227,000</u>	<u>8,000</u>
Total Non-Residential:	96,960	40,000	267,108	214,182	674,257	1,431,357
TOTAL ALL VALUATIONS:	<u>\$ 501,960</u>	<u>\$ 334,661</u>	<u>\$3,019,406</u>	<u>\$445,691</u>	<u>\$4,717,040</u>	<u>\$1,610,206</u>

* As of June 2005.

Source: Construction Industry Research Board (CIRB).

Major Employers

The following is a list of the major manufacturing and non-manufacturing employers in the community area.

<u>Name</u>	<u>Product/Service</u>	<u>Employees⁽¹⁾</u>
Toma-Tek, Inc.	Producer of Tomato & Pizza Paste	60-650
De Francesco & Sons	Distributor of Dehydrated Onions	100-600
Firebaugh Unified School District	Elementary Education	250
Firebaugh Las Deltas USD	High School Education	225
Davis, N.F. Drier & Elevator	Commercial Rice Drying	20-55
Broadview Co-Op Gin, Inc.	Cotton Ginning	9-54
Farmers Firebaugh Ginning Co.	Cotton Ginning	3-43
Panoche Ginning Co.	Cotton Ginning	5-40
City of Firebaugh	City Government	40
Firebaugh Equipment Co.	Farm Machinery Dealer	32
West Hills North District Center	Community College	5-26
West Side Food	Food Distributor	25
Panoche Creek Packing Corp.	Almond Processing	5-22
Quality Fibre Drum	Container Producer	20
Fresno County Housing Authority	Housing	16
Britz Chemical	Farm Chemicals	15
Thomason Tractor	Farm Machinery	15
Quinn Caterpillar	Farm Machinery	10
United Security Bank	Financial	7
West America Bank	Financial	6

Source: City of Firebaugh, Finance Dept.

(1) Includes seasonal employees.

Community Facilities

Community facilities located in the City include two banks, four medical groups, two chiropractors, one dentist, one physical therapist, four doctors and one pharmacy. Educational facilities within the City includes three elementary schools, one junior high school, one high school, one continuation school and West Hills Community College. California State University, Fresno is within 50 miles of the City. Cultural and recreational activities in Firebaugh include eleven churches and one library. A weekly and a daily newspaper, one cable television system, three neighborhood parks and one community center also serve the City. The City also has a Senior Center, and a computer-learning center sponsored by West Hills College, Firebaugh-Las Deltas School District and the County Housing Authority.

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APPENDIX D

AGENCY'S AUDITED FINANCIAL
STATEMENTS FOR FISCAL YEAR 2004/05

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FIREBAUGH REDEVELOPMENT AGENCY

INDEPENDENT AUDITOR'S REPORTS

AND

FINANCIAL STATEMENTS

JUNE 30, 2005

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BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANT

BRYANT L. JOLLEY, CPA

DARREYL SMITH, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Firebaugh Redevelopment Agency
Firebaugh, California

We have audited the accompanying component unit financial statements of the governmental activities of each major fund for the Firebaugh Redevelopment Agency (Agency), a component unit of the City of Firebaugh, California, as of and for the year ended June 30, 2005, which collectively comprise the Agency's basic financial statements as listed in the foregoing table of contents. The component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on the component unit financial statements based on our audit.

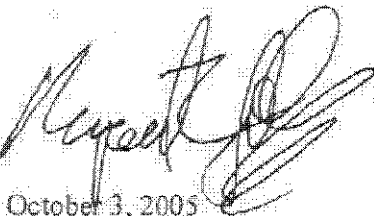
We conducted our audit in accordance with United States of America generally accepted auditing standards and *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of each major fund of the Agency at June 30, 2005, and the respective budgetary comparison for the major funds, for the year then ended in conformity with United States of America generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2005 on our consideration of the City of Firebaugh's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Budget and Actual Comparisons on pages 14 and 15 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Agency has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States have determined is necessary to supplement, although not required to be part of, the financial statements.



October 3, 2005

FIREBAUGH REDEVELOPMENT AGENCY

STATEMENT OF NET ASSETS JUNE 30, 2005

Governmental Activities

Assets

Cash and investments	\$ 874,972
Accounts receivable	4,219
Notes receivable	200,000
Total assets	<u>1,079,191</u>

Liabilities

Accounts payable and accrued expenses	64,985
Long-term liabilities	
Due within one year	175,000
Due in more than one year	4,060,000
Total liabilities	<u>4,299,985</u>

Net Assets

Restricted for:	
Low and Moderate Income Housing Activities	86,987
Debt service	508,655
Noncurrent receivables	200,000
Unrestricted (deficit)	(4,016,436)
Total net assets (deficit)	<u>\$ (3,220,794)</u>

FIREBAUGH REDEVELOPMENT AGENCY

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2005

		Net Revenue/(Expenses) and Changes in Net Assets	
		Primary Government	
	Operating		
	Grants and	Governmental	
	Contributions	Activities	Total
	Expenses		
FUNCTIONS/PROGRAMS			
Primary government:			
Governmental activities:			
Administration/Community development	\$ 431,940	\$ -	\$ 431,940
Property tax pass-through	48,407	-	48,407
Interest and other charges	315,455	-	315,455
Low - moderate housing	340,065	-	340,065
Total governmental activities	<u>\$ 1,135,867</u>	<u>\$ -</u>	<u>1,135,867</u>
GENERAL REVENUE			
Property taxes		931,899	931,899
Interest and investment earnings		23,240	23,240
Other		3,258	3,258
Total general revenue		<u>958,397</u>	<u>958,397</u>
CHANGE IN NET ASSETS		(177,470)	(177,470)
NET ASSETS (DEFICIT)			
Beginning of year		(3,043,324)	(3,043,324)
End of year		<u>\$ (3,220,794)</u>	<u>\$ (3,220,794)</u>

FIREBAUGH REDEVELOPMENT AGENCY

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2005

	Administration/ Community Development	Low- Moderate Housing	Debt Service	Total Governmental Funds
ASSETS				
Cash and investments	\$ 266,486	\$ 99,917	\$ 508,569	\$ 874,972
Accounts receivable	3,312	821	86	4,219
Notes receivable	-	200,000	-	200,000
Total assets	<u>\$ 269,798</u>	<u>\$ 300,738</u>	<u>\$ 508,655</u>	<u>\$ 1,079,191</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable and accrued expense	\$ 26,367	\$ 13,751	\$ -	\$ 40,118
Deferred revenue	-	200,000	-	200,000
Total liabilities	<u>26,367</u>	<u>213,751</u>	<u>-</u>	<u>240,118</u>
Fund Balance				
Reserved for housing funds	-	86,987	-	86,987
Reserved for debt service	-	-	508,655	508,655
Unreserved and undesignated	243,431	-	-	243,431
Total fund balance	<u>243,431</u>	<u>86,987</u>	<u>508,655</u>	<u>839,073</u>
Total liabilities and fund balance	<u>\$ 269,798</u>	<u>\$ 300,738</u>	<u>\$ 508,655</u>	<u>\$ 1,079,191</u>

FIREBAUGH REDEVELOPMENT AGENCY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES JUNE 30, 2005

Total governmental fund balances	\$ 839,073
----------------------------------	------------

Amounts reported for governmental activities in
the statement of net assets are different because:

Notes receivable are not available to pay for current period expenditures and are deferred in the funds	200,000
--	---------

Accrued interest on long-term liabilities is not due and payable in the current period and therefore is not reported in the funds	(24,867)
--	----------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(4,235,000)</u>
--	--------------------

Net assets of governmental activities	<u>\$ (3,220,794)</u>
---------------------------------------	-----------------------

FIREBAUGH REDEVELOPMENT AGENCY

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2005

	Administration/ Community Development	Low- Moderate Housing	Debt Service	Total Governmental Funds
REVENUE				
Property taxes	\$ -	\$ 186,380	\$ 745,519	\$ 931,899
Interest	4,184	3,794	15,262	23,240
Other	1,332	-	1,926	3,258
Total revenue	<u>5,516</u>	<u>190,174</u>	<u>762,707</u>	<u>958,397</u>
EXPENDITURES				
Current				
Administration/Community development	431,940	-	-	431,940
Low-moderate housing	-	340,065	-	340,065
Tax pass-through	48,407	-	-	48,407
Debt Service				
Principal	-	-	160,000	160,000
Interest and other charges	-	-	316,294	316,294
Total expenditures	<u>480,347</u>	<u>340,065</u>	<u>476,294</u>	<u>1,296,706</u>
Revenue over/(under) expenditures	<u>(474,831)</u>	<u>(149,891)</u>	<u>286,413</u>	<u>(338,309)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	464,312	-	64,957	529,269
Transfers out	-	(64,957)	(464,312)	(529,269)
Total other financing sources (uses)	<u>464,312</u>	<u>(64,957)</u>	<u>(399,355)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(10,519)	(214,848)	(112,942)	(338,309)
BALANCE				
Beginning of year	253,950	301,835	621,597	1,177,382
End of year	<u>\$ 243,431</u>	<u>\$ 86,987</u>	<u>\$ 508,655</u>	<u>\$ 839,073</u>

FIREBAUGH REDEVELOPMENT AGENCY

RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2005

Net change in fund balance - total governmental funds \$ (338,509)

Amounts reported for governmental activities in the statement of activities
are different because:

Repayment of long-term debt is an expenditure in governmental funds, but
the repayment reduces long-term liabilities in the statement of net assets.
Proceeds of long-term debt produces an opposite effect. 160,000

In the statement of activities, interest is accrued on long-term debt,
whereas in governmental funds interest expenditure is reported
when due. 839

Change in net assets of governmental activities \$ (177,470)

FIREBAUGH REDEVELOPMENT AGENCY

NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2005

Note 1 – Summary of Significant Accounting Policies

The accounting and reporting policies of the Firebaugh Redevelopment Agency (Agency) conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled "Audits of State and Local Governmental Units" and by the Financial Accounting Standards Board (when applicable).

On July 1, 2003, the Agency adopted the provisions of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." Statement No. 34 established standards for external financial reporting for all state and local entities, which includes a statement of net assets, a statement of activities and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt- This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted net assets- This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets- This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Reporting Entity - The Firebaugh Redevelopment Agency was established pursuant to the State of California Health and Safety Code Section 33000. The primary purpose of the Agency is to encourage redevelopment of property and to rehabilitate areas suffering from economic disuse. The members of the City Council of the City of Firebaugh act as the governing body of the Agency and the City provides loans and management assistance to the Agency. The Agency is considered a component unit of the City and, as such, the financial activities of the Agency are also reported as part of the financial activities of the City. The Agency has no component units.

Government-Wide and Fund Financial Statements - The government-wide financial statements, which are the statement of net assets and the statement of activities, report information on all of the nonfiduciary activities of the Agency. For the most part, the effect of Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

FIREBAUGH REDEVELOPMENT AGENCY

NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2005

Note 1 – Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenue are reported instead as general revenue. Major individual governmental funds are reported in separate columns in the fund financial statements.

Governmental Funds

Special Revenue Funds

The Administration/Development Fund - This fund accounts for all administrative and capital project expenditures of the Agency, except those required to be accounted for in another fund.

Low and Moderate Income Housing Fund - The Low and Moderate Income Housing Fund is used to account for that portion of the Agency's revenues earmarked for increasing or improving housing for low or moderate income households.

The Debt Service Fund - This fund accounts for repayment of long-term debt.

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

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

Receivables and Payables - Outstanding balances between funds at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the noncurrent portion.

California code provides taxing entities the ability to levy property taxes for the ensuing year. This results in the tax collections being received in the fiscal year they are budgeted for and used to pay expenditures of that period.

FIREBAUGH REDEVELOPMENT AGENCY

NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2005

Note 1 – Summary of Significant Accounting Policies (Continued)

The property tax calendar is as follows:

- Property taxes attach as an enforceable lien on property as of January 1st.
- Taxes are levied on July 1.
- Fresno County bills and collects property taxes for the Agency.
- The first half of the taxes is payable to Fresno County by December 10th and the second by April 10th of the following year.

Taxes are remitted to the Agency in the month following collection.

Long-Term Liabilities - Long-term liabilities consist of bonds and notes payable. Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. In the government-wide financial statements, long-term liabilities are included within the statement of net assets.

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

Budgetary Principles - Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the special, debt service and capital projects funds. All annual appropriations lapse at fiscal year end. Project-length plans are adopted for all capital project funds.

Note 2 – Cash and Investments

Except for those funds required to be held by outside fiscal agents under the provisions of bond indentures, cash balances from all funds of the Agency are combined and invested by the Treasurer of the City of Firebaugh in legally allowable securities. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balances of each fund.

On June 30, 2005, the Agency had the following cash and investments on hand:

Pooled Cash and Investments	\$ 393,196
Investments with Fiscal Agents	481,776
	<u>\$ 874,972</u>

FIREBAUGH REDEVELOPMENT AGENCY

NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2005

Note 2 – Cash and Investments (Continued)

Pooled Cash

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110 percent of the Agency's cash on deposit or first trust deed mortgage notes with a value of 150 percent of the Agency's cash on deposit as collateral for these deposits. Under California Law this collateral is held in the Agency's name and places the Agency ahead of general creditors of the institution. The Agency has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

Categorization of Credit Risk

The Agency invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to maximize security, the Agency employs the Trust Department of a bank as the custodian of all Agency managed investments, regardless of their form.

The Agency categorizes its individual securities instruments in ascending order to reflect the relative risk of loss of these instruments. This risk is called Credit Risk, the lower the number, the lower the risk. Categorization does not measure Market Risk, which is the risk that investments will fluctuate in market value.

Deposits are classified in three categories of credit risk as follows:

Category 1 – Insured or collateralized with securities held by the Agency or by its agent in the Agency's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the Agency's name.

Category 3 – Uncollateralized.

Investments are also classified in three categories of credit risk 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 trustee or agent in the Agency's name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or by its trustee or agent but not in the Agency's name.

Investments in pools managed by other governments or in mutual funds are not required to be categorized.

FIREBAUGH REDEVELOPMENT AGENCY

NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2005

Note 2 – Cash and Investments (Continued)

Agency deposits and investments by category as of June 30, 2005 are as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u> <u>Carrying Amount</u>
Amounts Controlled by Agency:				
Local Agency Investment Fund (State Pool)	\$ -	\$ -	\$ -	\$ 407,713
Cash in Banks	-	-	-	(14,517)
Total Cash Controlled by Agency	-	-	-	393,196
Amounts Invested by Fiscal Agent:				
Corporate Obligations	-	-	481,776	481,776
Total Invested by Fiscal Agent	-	-	481,776	481,776
Total Cash and Investments	\$ -	\$ -	\$ 481,776	\$ 874,972

California Local Agency Investment Fund

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Agency reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

Note 3 – Note Receivable

Note receivable consists of the following:

Note receivable from Firebaugh San Joaquin Vista Associates, as a subsidy in connection with a low-income apartment. Principal and interest at 3 percent are payable only from available project revenues.

\$ 200,000

FIREBAUGH REDEVELOPMENT AGENCY

NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2005

Note 4 – Long-Term Liabilities (Continued)

Changes in long-term liabilities for the year ended June 30, 2005 were as follows:

	Balance July 1, 2004	Additions	Retirements	Balance June 30, 2005	Current Portion
1998 Tax Allocation Bond	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -
1996 Tax Allocation Bond	1,940,000	-	(55,000)	1,885,000	60,000
1993 Tax Allocation Bond	1,455,000	-	(105,000)	1,350,000	115,000
	<u>\$ 4,395,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 4,235,000</u>	<u>\$ 175,000</u>

1998 Tax Allocation Bonds - In 1998 the Agency issued \$1,000,000 of tax allocation bonds secured by tax revenue allocated to the Agency. Interest in the amount of 8.5 percent is due semi-annually. Principle is due in annual installments of \$170,000 to \$235,000 beginning in 2014.

1996 Tax Allocation Bonds - In 1996 the Agency issued \$2,230,000 of tax allocation bonds secured by tax revenue allocated to the Agency. Interest on the bonds is payable semi-annually on December 1 and June 1 of each year, with interest rate of 6.75 percent per annum.

1993 Tax Allocation Bonds - In 1993 the Agency issued \$2,250,000 of tax allocation bonds secured by tax revenue allocated to the Agency. Interest on the bonds is payable semi-annually on December 1 and June 1 of each year, with interest rate of 6.5 percent per annum.

The following is a schedule of future debt service requirements for the long-term liabilities discussed above:

Years ending June 30,	Principal	Interest	Total
2006	\$ 175,000	\$ 298,408	\$ 473,408
2007	180,000	287,332	467,332
2008	195,000	275,873	470,873
2009	210,000	263,425	473,425
2010	225,000	249,950	474,950
2011-2015	1,315,000	1,009,112	2,324,112
2016-2020	1,455,000	477,988	1,932,988
2021-2023	480,000	66,150	546,150
	<u>\$ 4,235,000</u>	<u>\$ 2,928,238</u>	<u>\$ 7,163,238</u>

Additionally, the Agency issued two Certificates of Participation (COP) bonds in order to finance two City water projects. Both COP's are paid entirely by the City's water fund and have effectively been assumed by the water fund. In order to avoid duplication, these COP's are reported as enterprise debt in the City's financial statements. At June 30, 2005, \$241,100 was owed on the 1993 COP and \$1,600,000 on the 1996 COP.

SUPPLEMENTAL INFORMATION

FIREBAUGH REDEVELOPMENT AGENCY

SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE

ADMINISTRATION/COMMUNITY REDEVELOPMENT FUND

YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenue				
Interest	\$ 3,500	\$ 3,500	\$ 4,184	\$ 684
Other	-	-	1,332	1,332
Total revenue	3,500	3,500	5,516	2,016
Expenditures				
Current				
Administration/Community development	255,400	255,400	480,347	(224,947)
Revenue over/(under) expenditures	(251,900)	(251,900)	(474,831)	(222,931)
Other Financing Sources				
Transfers in (out)	170,125	170,125	464,312	294,187
Change in Fund Balance	\$ (81,775)	\$ (81,775)	(10,519)	\$ 71,256
Fund Balance				
Beginning of year			253,950	
End of year			\$ 243,431	

FIREBAUGH REDEVELOPMENT AGENCY

SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE LOW-MODERATE HOUSING FUND YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenue				
Property tax	\$ 170,000	\$ 170,000	\$ 186,380	\$ 16,380
Interest	2,000	2,000	3,794	1,794
Total revenue	<u>172,000</u>	<u>172,000</u>	<u>190,174</u>	<u>18,174</u>
Expenditures				
Current				
Housing assistance	172,000	172,000	340,065	(168,065)
Capital outlay	-	-	-	-
Total expenditures	<u>172,000</u>	<u>172,000</u>	<u>340,065</u>	<u>(168,065)</u>
Revenue over/(under) expenditures	-	-	(149,891)	(149,891)
Other Financing Sources				
Transfers in (out)	-	-	(64,957)	(64,957)
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(214,848)</u>	<u>\$ (214,848)</u>
Fund Balance				
Beginning of year			501,835	
End of year			<u>\$ 286,987</u>	

BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANT

BRYANT L. JOLLEY, CPA

DARRYL SMITH, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

Board of Directors
Firebaugh Redevelopment Agency
Firebaugh, California

We have audited the accompanying component unit financial statements of the Firebaugh Redevelopment Agency, a component unit of the City of Firebaugh, California as of June 30, 2005 and for the year then ended, and have issued our report thereon dated October 3, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

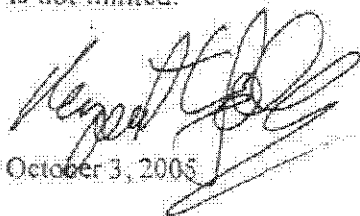
Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller. 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 *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 Board of Directors, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



October 3, 2005

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APPENDIX E

FORM OF OPINIONS OF BOND COUNSEL

SERIES A BONDS

November 23, 2005

Redevelopment Agency of the City of Firebaugh
1575 Eleventh Street
Firebaugh, CA 93622

OPINION: \$3,770,000 Redevelopment Agency of the City of Firebaugh
 Firebaugh Redevelopment Project
 Tax Allocation Bonds, 2005 Series A

Members of the Agency:

We have acted as bond counsel to the Redevelopment Agency of the City of Firebaugh (the "Agency") in connection with the issuance by the Agency of \$3,770,000 aggregate principal amount of Redevelopment Agency of the City of Firebaugh Firebaugh Redevelopment Project Tax Allocation Bonds, 2005 Series A (the "Bonds"), pursuant to the provisions of 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) (the "Law"), and an Indenture of Trust dated as of November 1, 2005, by and between the Agency and The Bank of New York Trust Company, N.A., as trustee, (the "Indenture"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Agency is a public body corporate and politic duly organized and validly existing under the laws of the State of California with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.
2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.

3. Pursuant to the Law, the Indenture establishes a valid lien on the funds pledged by the Indenture for the security of the Bonds, on a parity with the Redevelopment Agency of the City of Firebaugh Firebaugh Redevelopment Project Taxable Tax Allocation Bonds, 2005 Series B, and any additional Parity Debt hereafter issued under and as such term is defined in the Indenture, subject to no prior lien granted under the Law.

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

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is required to be taken into account in determining certain income and earnings. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265 (b)(3) of the Internal Revenue Code of 1986 (the "Code"), and, in the case of certain financial institutions (within the meaning of section 265 (b)(5) of the Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to interest payable on the Bonds. The opinions set forth in the preceding sentences are subject to the condition that the Agency comply with all requirements of the Code which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

Respectfully submitted,

A Professional Law Corporation

SERIES B BONDS

November 23, 2005

Redevelopment Agency of the City of Firebaugh
1575 Eleventh Street
Firebaugh, CA 93622

OPINION: \$3,450,000 Redevelopment Agency of the City of Firebaugh
Firebaugh Redevelopment Project
Taxable Tax Allocation Bonds, 2005 Series B

Members of the Agency:

We have acted as bond counsel to the Redevelopment Agency of the City of Firebaugh (the "Agency") in connection with the issuance by the Agency of \$3,450,000 aggregate principal amount of Redevelopment Agency of the City of Firebaugh Firebaugh Redevelopment Project Taxable Tax Allocation Bonds, 2005 Series B (the "Bonds"), pursuant to the provisions of 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) (the "Law"), and an Indenture of Trust dated as of November 1, 2005, by and between the Agency and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), as amended and supplemented by a First Supplement to Indenture of Trust, dated as of November 1, 2005, by and between the Agency and the Trustee (as so amended and supplemented, the "Indenture"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Agency is a public body corporate and politic duly organized and validly existing under the laws of the State of California with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.
2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.
3. Pursuant to the Law, the Indenture establishes a valid lien on the funds pledged by the Indenture for the security of the Bonds, on a parity with the Redevelopment Agency of the City of Firebaugh Firebaugh Redevelopment Project Tax Allocation Bonds, Series A, and any

additional Parity Debt hereafter issued under and as such term is defined in the Indenture, subject to no prior lien granted under the Law.

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

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of November 1, 2005, is executed and delivered by the Redevelopment Agency of the City of Firebaugh (the "Agency") and A. M. Peché & Associates LLC, as dissemination agent (the "Dissemination Agent") in connection with the issuance by the Agency of the above-entitled bonds (the "Bonds"). The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including the Community Redevelopment Law, being Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Act"). The Series A Bonds are issued pursuant to an Indenture of Trust, dated as of November 1, 2005, between the Agency and The Bank of New York Trust Company, N.A. (the "Trustee"), and the Series B Bonds are issued pursuant to a First Supplement to Indenture of Trust, dated as of November 1, 2005, between the Agency and the Trustee (collectively, the "Indenture"). The Bonds are payable solely from, and are secured by, the Tax Revenues (as defined in the Indenture). The Agency covenants and agrees as follows:

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

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

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

"Dissemination Agent" means A. M. Peché & Associates LLC, 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 Agency and the Dissemination Agent a written acceptance of such designation.

"Listed Events" means 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. The National Repositories currently recognized by the Securities and Exchange Commission are currently set forth in the SEC website located at <http://www.sec.gov/info/municipal/nrmsir.htm>.

"Official Statement" means the Official Statement, dated _____, 2005, relating to the Bonds.

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

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

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

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

Section 3. Provision of Annual Reports.

(a) The Agency shall provide, or shall cause the Dissemination Agent to provide, to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement by not later than nine months after the end of the Agency’s fiscal year, commencing with the 2005/06 fiscal year. Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the financial information on the Project Area called for in the Annual Report may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency’s fiscal year changes, the Agency, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been directly provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall, unless the Agency has done so pursuant to Section 3(a) above:

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

(ii) if the Dissemination Agent is other than the Agency or MuniFinancial, file a report with the Agency 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.

(e) Any filing under this Disclosure Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (“MAC”) as provided at www.disclosureusa.org, unless the United States Securities and Exchange Commission (“SEC”) has withdrawn the interpretative advice in its letter to the MAC dated September 7, 2004, or such other central post office approved by the SEC.

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

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. 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 usual format utilized by the Agency, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial information and operating data with respect to the Agency and each series of Bonds for the prior fiscal year of the type included in the Official Statement, in the following categories (to the extent not included in the Agency's audited financial statements): (i) aggregate assessed values of the Project Area, including for each component thereof; (ii) list of top ten largest local secured property taxpayers within the Project Area; (iii) calculation of the coverage ratio for each series of Bonds for such fiscal year, including any parity debt, calculated in the same manner as provided in the Official Statement in under the Section entitled "THE PROJECT AREA – Estimated Debt Service Coverage" and (iv) description of outstanding indebtedness payable from Tax Revenues issued during such fiscal year.

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

The Dissemination Agent shall not have any responsibility for the content of the Annual Report, or any part thereof.

Section 5. Reporting of Significant Events

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders.
8. Bond calls.
9. Defeasances.

10. Release, substitution or sale of property securing repayment of the Bonds, or release of proceeds from the Escrow Funds.
11. Rating changes.

(b) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall determine as soon as possible if such event would constitute material information for Holders of Bonds within the meaning of the federal securities laws.

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

(d) 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 holders of affected Bonds pursuant to the Indenture.

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

Section 7. Dissemination Agent. From time to time, the Agency may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as Dissemination Agent by providing thirty days written notice to the Agency and the Trustee. If at any time there is not any other designated Dissemination Agent, the Agency shall be the Dissemination Agent.

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

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

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

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of

holders, or (ii) in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or beneficial owners of the Bonds.

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 Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be required to consent to any amendment which would impose any greater duties or risk of liability on the Dissemination Agent. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Agreement. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach of this Agreement. The Dissemination Agent shall have no responsibility whatsoever for the content of any report or notice required of the Agency hereunder.

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

REDEVELOPMENT AGENCY OF THE CITY OF
FIREBAUGH

By: _____
Executive Director

The undersigned hereby agrees to act as Dissemination Agent pursuant to the foregoing Continuing Disclosure Agreement

A. M. PECHÉ & ASSOCIATES LLC, as
Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

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

Name of Issuer: Redevelopment Agency of the City of Firebaugh

Name of Bond Issue: Firebaugh Redevelopment Project Tax Allocation Bonds, 2005 Series A
 (the "Series A Bonds") and Firebaugh Redevelopment Project Taxable
 Tax Allocation Bonds, 2005 Series B

Date of Issuance: _____, 2005

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of Firebaugh (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 November 1, 2005 executed by the Agency for the benefit of the holders and beneficial owners of the above-referenced bonds. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

A. M. PECHÉ & ASSOCIATES LLC, as
Dissemination Agent

By: _____
 Authorized Signatory

cc: Redevelopment Agency of the City of Firebaugh

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APPENDIX G

BOOK ENTRY PROVISIONS

The information concerning DTC set forth herein has been supplied by DTC, and the Agency assumes no responsibility for the accuracy thereof.

Unless a successor securities depository is designated pursuant to the Indenture, DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities, registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered 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 and Its Participants. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing Agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfer and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation. (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC) as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks and trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating of "AAA." The DTC Rules applicable to its Participants are on file with the Securities Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Notices and Other Communications. 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. THE AGENCY AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.

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

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

Redemption Proceeds. Payments of principal and interest with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on interest payment dates 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 interest payment 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 nor its nominee, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE TRUSTEE AND THE AGENCY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING AN OWNER OF

BONDS, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, AND PREMIUM, IF ANY, OR INTEREST WITH RESPECT TO THE BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNER OF THE BONDS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; ANY CONSENT OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE BONDS; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS (EXCEPT FOR THE MATTERS UNDER THE CAPTION "TAX MATTERS" HEREIN)

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest with respect to the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial owner interest in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owner is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Discontinuance of Book-Entry System. 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 as described in the Indenture.

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 as described in the Indenture and payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.

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