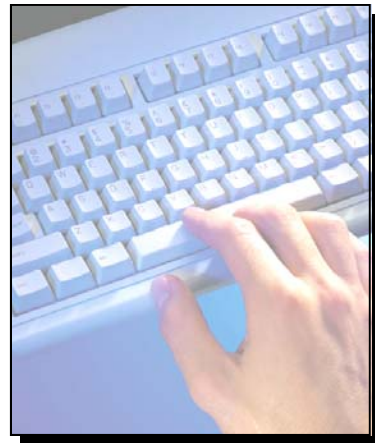


ISSUER'S ANNUAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2013



REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS

\$5,635,000
Merged Redevelopment Project
Tax Allocation Bonds
Issue of 2009

PARTICIPANTS/CONTACTS

ISSUER

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BACKGROUND

On July 2, 2009, the Redevelopment Agency of the City of Desert Hot Springs (the "Issuer") issued its \$5,635,000 Merged Redevelopment Project (the "Project Area"), Tax Allocation Bonds, Issue of 2009 (the "2009 Bonds"). The proceeds from the sale of the 2009 Bonds were used to: (i) finance low and moderate income housing projects of the Issuer; (ii) fund a debt service reserve account; and (iii) pay costs associated with the issuance of the 2009 Bonds. The 2009 Bonds are secured by the Issuer's portion of tax increment revenues required to be set aside for low and moderate income housing purposes. This amount represents 20% of the gross tax increment revenues generated by the Issuer's Merged Redevelopment Project Area (the "Project Area"). Please see the Official Statement for the 2009 Bonds, as provided online at Municipal Securities Rulemaking Board's EMMA repository for further background information. Capitalized terms used but not defined herein shall have their meanings as given in the Indenture.

Interest on the 2009 Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2010 with principal payments due on September 1.

OBJECTIVE

Pursuant to the Continuing Disclosure section of the Official Statement and Continuing Disclosure Agreement/Certificate for the 2006 Bonds, this Annual Report is being provided by the Dissemination Agent for distribution to the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access ("EMMA") document repository.

This Annual Report has been prepared by Urban Futures, Inc. at the direction of the City/Successor Agency. The information set forth herein has been furnished by the City/Successor Agency and/or County, along with other sources believed to be reliable, but no representation as to the accuracy or completeness of any such information is made by the City/Successor Agency or Urban Futures, Inc. The City/Successor Agency and Urban Futures, Inc. make no representation that this Annual Report contains all information material to make a decision to purchase or sell bonds or any other debt obligations of the City/Successor Agency. Any information contained herein which involves estimates, forecasts, projections, and expressions of opinion, whether or not expressly stated, are intended solely as such and are not to be construed as representations of fact by the City/Successor Agency or Urban Futures, Inc. and no representation is made that such opinions or estimates will be realized. The information, opinions, and estimates herein are subject to change without notice. The City/Successor Agency and Urban Futures, Inc. shall not take responsibility for any statements or information of any kind disseminated to the MSRB or EMMA or any other medium that is not disseminated by and authorized in writing by either the City/Successor Agency or Urban Futures, Inc.

FINANCIAL STATEMENTS

As outlined in the Continuing Disclosure Agreement/Certificate, the financial statements required as part of the Annual Report for the fiscal year ended June 30, 2013 will be posted to the EMMA document repository upon availability.

DISSOLUTION OF REDEVELOPMENT AGENCIES

Please view the material event notice posted in regard to the dissolution of California redevelopment agencies at the following web address:

http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?sub_missionId=ER477777

The notice contains background and explanation of the original two redevelopment agency dissolution bills (AB X1 26 and AB X1 27) and the California Supreme Court decision to uphold AB X1 26.

After the Court's decision, AB 1484 was enacted by the State Legislature and Governor as a clean-up to the budget trailer bill AB X1 26. Together these bills are necessary to implement provisions of the State's budget acts for fiscal years 2011-12 and 2012-13. In compliance with this new legislation, the City has elected to serve as "Successor Agency" to the former redevelopment agency, as defined in the bills. Please view the bills in their entirety for further details.

The full language of AB X1 26 can be viewed at the following URL:

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=abx1_26&sess=PREV&house=B&author=blumenfield

The full language of AB 1484 can be viewed at the following URL:

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=ab_1484&sess=PREV&house=B&author=committee_on_budget

I. FINANCIAL INFORMATION & OPERATING DATA

The following financial information and operating data is provided pursuant to the Continuing Disclosure section of the Official Statement and the Continuing Disclosure Agreement/Certificate.

A. ASSESSED VALUATION

The table below presents the historical aggregate assessed valuations of the Merged Project Area through the most recently completed fiscal year.

Aggregate Assessed Valuations

	Secured	SBE	Unsecured	Total AV
2008-09				
Redevelopment Project No. 1	\$ 315,833,553	\$ 429,000	\$ 21,881,616	\$ 338,144,169
Redevelopment Project No. 2	171,173,877	-	503,774	171,677,651
Added Territory (1997)	672,689,417	-	3,059,468	675,748,885
	<u>\$1,159,696,847</u>	<u>\$ 429,000</u>	<u>\$ 25,444,858</u>	<u>\$1,185,570,705</u>
2009-10				
Redevelopment Project No. 1	\$ 244,009,206	\$ 429,000	\$ 21,193,765	\$ 265,631,971
Redevelopment Project No. 2	106,658,149	-	642,366	107,300,515
Added Territory (1997)	437,131,419	-	3,244,963	440,376,382
	<u>\$ 787,798,774</u>	<u>\$ 429,000</u>	<u>\$ 25,081,094</u>	<u>\$ 813,308,868</u>
2010-11				
Redevelopment Project No. 1	\$ 214,970,570	\$ 429,000	\$ 25,014,900	\$ 240,414,470
Redevelopment Project No. 2	93,071,118	-	875,849	93,946,967
Added Territory (1997)	401,544,323	-	2,792,725	404,337,048
	<u>\$ 709,586,011</u>	<u>\$ 429,000</u>	<u>\$ 28,683,474</u>	<u>\$ 738,698,485</u>
2011-12				
Redevelopment Project No. 1	\$ 204,891,387	\$ 429,000	\$ 17,871,228	\$ 223,191,615
Redevelopment Project No. 2	89,663,631	-	628,781	90,292,412
Added Territory (1997)	377,090,936	-	2,283,486	379,374,422
	<u>\$ 671,645,954</u>	<u>\$ 429,000</u>	<u>\$ 20,783,495</u>	<u>\$ 692,858,449</u>
2012-13				
Redevelopment Project No. 1	\$ 193,665,720	\$ 109,200	\$ 19,556,851	\$ 213,331,771
Redevelopment Project No. 2	86,589,472	-	653,781	87,243,253
Added Territory (1997)	363,401,418	-	2,694,454	366,095,872
	<u>\$ 643,656,610</u>	<u>\$ 109,200</u>	<u>\$ 22,905,086</u>	<u>\$ 666,670,896</u>

Source: Riverside County Auditor-Controller & *Urban Futures, Inc.*

B. TOP TEN TAXPAYERS

The table below presents the top ten local secured property taxpayers for the Merged Project during the most recently completed fiscal year.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS MERGED PROJECT AREAS Largest Local Secured Taxpayers/Property Owners Fiscal Year 2012-13			
Property Owner	Taxable Secured Assessed Valuation	Primary Land Use	Percent of Secured AV⁽¹⁾
1. Kmart Corp	\$5,930,000	Commercial	0.92%
2. Country Hills Apts	5,138,401	Commercial	0.80%
3. H & J Kazemai LLC	4,675,000	Commercial	0.73%
4. Vons Co Inc	4,505,804	Commercial	0.70%
5. Biasa II LP	4,399,671	Commercial	0.68%
6. Ck Pal Prop	4,328,000	Commercial	0.67%
7. Walgreen Co	4,008,708	Commercial	0.62%
8. Katangian Dennis Motzie	3,998,338	Commercial	0.62%
9. An Benjamin	3,002,500	Commercial	0.47%
10. Hacienda At Palm Drive LLC	2,960,281	Commercial	0.46%
Total	\$42,946,703		6.67%

(1) Based on fiscal year 2012-13 secured assessed valuation of \$643,656,610.

Source: *Urban Futures, Inc.* with information from the Riverside County 2012-13 Secured Property Tax Roll.

C. LAND USE

The table below presents a summary of the land uses in the Project Area, by secured assessed valuation during the most recently completed fiscal year.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS MERGED PROJECT AREAS Land Use Summary Fiscal Year 2012-13			
Land Use	Number of Parcels	Secured Assessed Valuation	Percent of Secured A.V.⁽¹⁾
Single Family Residential	4,794	\$366,620,412	56.96%
Commercial	853	199,081,473	30.93%
Multifamily Residential	470	43,295,549	6.73%
Vacant Residential	1,131	22,542,475	3.50%
Miscellaneous	655	8,971,423	1.39%
Vacant Agricultural	16	1,982,832	0.31%
Miscellaneous/Governmental	139	1,162,445	0.18%
Total All Secured	8,058	\$643,656,610	100.00%

(1) Based on Fiscal Year 2012-13 secured assessed valuation of \$643,656,610.

Source: *Urban Futures, Inc.* with information from the Riverside County 2012-13 Secured Property Tax Roll.

II. SIGNIFICANT EVENTS

In compliance with the Continuing Disclosure Agreement/Certificate, material event notices are posted on MSRB's EMMA document repository at the following web address under the "Continuing Disclosure" tab:

<http://emma.msrb.org/IssueView/IssueDetails.aspx?id=EA326139>

III. CUSIP NUMBERS

Redevelopment Agency of The City of Desert Hot Springs Tax Allocation Bonds Issue of 2009

<u>Maturity Date</u>	<u>CUSIP*</u>
9/1/2010	250419DX3
9/1/2011	250419DY1
9/1/2012	250419DZ8
9/1/2013	250419EA2
9/1/2014	250419EB0
9/1/2015	250419EC8
9/1/2016	250419ED6
9/1/2017	250419EE4
9/1/2018	250419EF1
9/1/2019	250419EG9
9/1/2023	250419EH7
9/1/2039	250419EJ3

*CUSIP is a registered trademark of American Bankers Association.