



THE BANK OF NEW YORK MELLON
The Bank of New York Mellon Trust Company, National Association

December 16, 2011

To: Owners of
SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY
Subordinate Tax Allocation Revenue Bonds (the "Bonds")
(Southern California Logistics Airport Project)
Series 2007

*Cusip Numbers:

842472CM2 842472CN0 842472CP5 842472CQ3
842472CR1 842472DC3 842472CS9 842472DD1
842472DE9 842472CT7 842472DF6

NOTICE OF EVENT OF DEFAULT

NOTE: THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE THE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE SECURITIES IN A TIMELY MANNER.

The Bank of New York Mellon Trust Company, N.A. serves as trustee (the "Trustee") for the above-referenced Bonds pursuant to that certain Trust Indenture dated as of December 1, 2007 (the "Indenture") by and between the Southern California Logistics Airport Authority (the "Authority") and the Trustee. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The Bonds are secured by Pledged Tax Revenues, on a subordinate basis to the Senior Bonds, and includes (A) tax increment revenues generated on the parcels comprising the Airport pledged and annually allocated pursuant to the Redevelopment Plan and the SCLAA JPA, and (B) all tax increment revenues pledged and annually allocated by the VVEDA Members from the VVEDA Project Area, with certain exclusions.

Event of Default

Pursuant to the Indenture, a Mandatory Redemption of \$465,000 principal amount of bonds was payable on December 1, 2011. Interest of \$1,176,742.50 was also payable on December 1, 2011 and that amount was taken from the Reserve Fund to make the

interest payment. Section 5.06 (c) of the Indenture does not permit principal payments to be taken from the Reserve Fund and therefore the non-payment of the Mandatory Redemption of \$465,000 on December 1, 2011 is an Event of Default under Section 9.01 (a) of the Indenture.

Remedies

Pursuant to Article IX of the Indenture, during the continuance of such Event of Default, the Trustee may, upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, by notice in writing to the Authority, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding.

Under Section 9.03 of the Indenture, Any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

- (a) By mandamus or other suit or proceeding at law or in equity to enforce his rights against the Authority and any of the members, officers and employees of the Authority, and to compel the Authority or any such members, officers or employees to perform and carry out their duties under the Redevelopment Law and their agreements with the Owners as provided in the Indenture.
- (b) By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Owners; or
- (c) Upon the happening of an Event of Default (as defined in Section 9.01), by a suit in equity to require the Authority and its members, officers and employees to account as the trustee of an express trust.

Under Section 9.05 of the Indenture, the Trustee shall have no duty or obligation to enforce any right or remedy unless it has been indemnified by the Owners from any liability or expense including without limitation fees and expenses of its attorneys. Under Section 9.07 of the Indenture, the Owners of a majority in aggregate principal amount of the Bonds then outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Other Information

Section 8.01 of the Indenture permits Amendment by Consent of Owners. The Indenture and the rights and obligations of the Authority and of the Owners may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of the required percentage aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. In order to permit principal payments to be made from the Reserve Fund, such an Amendment would be necessary.

Owners can contact the Trustee as follows:

The Bank of New York Mellon Trust Company, N.A.
Attn: J. Chris Matthews, Vice President
601 Travis – 16th Floor
Houston, Texas 77002
Ph: 713-483-6267
Fax: 713-483-6979
Email: j.chris.matthews@bnymellon.com

Owners should confirm their bond positions with the attached Owner Certification form prior to communicating with the Trustee.

The Bank of New York Mellon Trust Company, N.A.as
Trustee

***The CUSIP numbers appearing herein have been included solely for the convenience of the Bond Owners. The Trustee assumes no responsibility for the selection or use of such numbers and makes no representation as to the correctness of the CUSIP numbers listed above.**

CERTIFICATE OF OWNERSHIP

TO OWNERS OF

Southern California Logistics Airport Authority
Subordinate Tax Allocation Revenue Bonds
(Southern California Logistics Airport Project)
Series 2007

(THE "BONDS")

CUSIPS *affected*: _____

The undersigned hereby certifies that the information set forth below is true and correct as of the date of this certification, and that I am a Beneficial Owner (as defined in the Trust Indenture of the above name Bonds), and the Trustee shall rely on this Certification.

Name: _____

Company: _____

Title: _____

Address: _____

Telephone: _____

Fax Number: _____

Email Address: _____

CUSIP(s) Held: _____

Amount of Bonds Held: \$ _____

If held through Broker at DTC, Registered Holder Name at DTC*:

DTC participant number: _____

Beneficial Owner Signature: _____

Date: _____

Attach Proof of Ownership (current statement of holdings)