ATTACHMENT 1

NEW ISSUE – FULL BOOK-ENTRY ONLY

Ratings
Moody's: Aaa
Standard & Poor's: AAA
(See "RATINGS" herein)

In the opinion of Orrick Herrington & Sutcliffe LLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2001 A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2001 A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2001 A Bonds. See "TAX MATTERS."

$38,855,000.00
REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
(Santa Barbara County, California)
CENTRAL CITY REDEVELOPMENT PROJECT TAX ALLOCATION BONDS SERIES 2001 A

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

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR REFERENCE ONLY, IT IS NOT A SUMMARY OF ALL OF THE PROVISIONS OF THE SERIES 2001 A BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The $38,855,000.00 Redevelopment Agency of the City of Santa Barbara, Central City Redevelopment Project Series 2001 A Bonds (the "Series 2001 A Bonds") are being issued to finance redevelopment activities in the Central City Redevelopment Project Area (the "Project Area"), to fund a debt service reserve fund (the "Reserve Account") and to pay certain expenses of the transaction. The Series 2001 A Bonds are being issued on a parity with the Agency's Outstanding Series 1993 Bonds and the Series 1995 A Senior Bonds, as more particularly described herein. The Outstanding Series 1993 Bonds and the Series 1995 A Senior Bonds and the Series 2001 A Bonds are collectively referred to as the "Bonds." The Series 2001 A Bonds are special obligations of the Agency and are equally and ratably secured by an irrevocable pledge of certain tax revenues derived from the Agency's Central City Redevelopment Project Area and other funds as provided in the Indenture, as amended and supplemented, pursuant to which the Bonds are issued (the "Indenture"), as further discussed herein. The Series 2001 A Bonds are subject to redemption as more particularly described herein. See "SECURITY FOR THE SERIES 2001 A BONDS" and "REDEMPTION."

Interest with respect to the Series 2001 A Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2002. The Bonds will be delivered in fully registered form only, and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2001 A Bonds. See "Appendix H - Book-Entry Only System." Beneficial ownership interests in the Series 2001 A Bonds may be purchased in book-entry form only in the denomination of $5,000 or any integral multiple thereof. The principal of, redemption price, if any, and interest on the Series 2001 A Bonds are payable by the applicable Trustee. So long as Cede & Co. is the registered owner, principal of, redemption price, if any, and interest on the Series 2001 A Bonds will be paid by the applicable Trustee to DTC, which will remit such principal, redemption price, if any, and interest to the Beneficial Owners (as hereinafter defined) of the applicable Series 2001 A Bonds, respectively, as described herein.

The scheduled payment of principal of and interest on the Series 2001 A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2001 A Bonds by FINANCIAL SECURITY ASSURANCE INC.

FSA.

See **"BOND INSURANCE FOR THE SERIES 2001 A BONDS" and "APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."**

The Series 2001 A Bonds are not a debt of the City of Santa Barbara, the State of California or any of its political subdivisions and neither said City, said State, nor any of its political subdivisions is liable for them, nor in any event shall said Series 2001 A Bonds be payable out of any funds or properties other than those of the Agency as set forth in the applicable Indenture. Said Series 2001 A Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing the Series 2001 A Bonds are liable personally on the Series 2001 A Bonds by reason of their issuance. See "SECURITY FOR THE SERIES 2001 A BONDS" and "BONDOWNERS' RISKS."

The Series 2001 A Bonds were awarded at a public sale on July 10, 2001, at a true interest cost of 4.765152 percent. The Series 2001 Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to approvals as to legality by Orrick, Herrington & Sutcliffe LLC, Los Angeles, California, Bond Counsel, and to certain other conditions. Certain matters will be passed upon for the Agency by the Agency Counsel and by Orrick, Herrington & Sutcliffe LLC, Los Angeles, California, Disclosure Counsel. It is anticipated that the Series 2001 A Bonds, in book-entry form, will be available for delivery through DTC in New York, New York on or about July 25, 2001.

Dated: July 10, 2001

Barbara automatically performs base year calculations with adjustments on an annual basis to reflect property acquisitions, if any, by public entities within redevelopment project areas.

The procedure employed by the County for the allocation of tax increment revenues follows a specified formula. Revenues generated by the secured tax increment are paid in two installments to the Agency in December and April of each fiscal year. A reconciliation and final payment between the tax increments previously paid to the Agency, and actual secured tax receipts received by the County is made in June of each fiscal year. For unsecured tax revenues, a payment is made in September to the Agency based on the actual unsecured taxes collected by the County. A one-time reconciliation payment is then made in July concurrently with the final secured reconciliation.

The Agency has never defaulted on its notes, bonds or other monetary obligations.

Financial Statements

The Agency is a public entity separate and apart from the City. All accounting records of Agency operations are maintained by the City's Finance Department separately from the accounting records of the City.

Agency financial statements have been audited by independent certified public accountants since the Agency was established. The audited financial statements of the Agency for the fiscal year ended June 30, 2000 are included herein as Appendix A.

The Agency has not requested nor did the Agency obtain permission from Brown, Armstrong, Randall, Reyes, Paulden & McCown Accountancy to include the audited financial statements as an appendix to this Official Statement. Accordingly, Brown, Armstrong, Randall, Reyes, Paulden & McCown Accountancy has not performed any post-audit review of the financial condition or operations of the Commission.

THE PROJECT

History

The Central City Redevelopment Project Area was established with the adoption of the Redevelopment Plan for the Project by Ordinance No. 3566 of the Santa Barbara City Council on November 14, 1972. The Redevelopment Plan was substantially amended by the City Council with the adoption of City Ordinance No. 3923 on August 30, 1977. Subsequent amendments occurred with the adoption of City Ordinance No. 4438 on December 16, 1986, by City Ordinance No. 4894 on December 6, 1994, by City Ordinance No. 5085 on November 11, 1998 and by City Ordinance No. 5089 on January 12, 1999. The Redevelopment Plan terminates on August 30, 2012 and is prohibited from receiving tax increment for the repayment of debt after August 30, 2022.

The City Council found that conditions within the Project Area prior to adoption of the Redevelopment Plan met the statutory conditions of blight, which must be found to exist as a prerequisite to initiation of redevelopment activities. These conditions included mixed and incompatible land uses, deteriorated housing, other non-conforming or under-utilized properties, and inadequate public facilities.

Description

The Central City Redevelopment Project Area includes approximately 850 acres in the downtown area of the City of Santa Barbara including the wharf and marina at the foot of lower State Street. The project is bounded by Victoria Street on the north, U.S. Highway 101 on the west, the Ocean front and Harbor on the south and Santa Barbara Street on the east plus that area between U.S. 101, the beach, Milpas Street and Santa Barbara Street.

The Agency has completed many of the redevelopment projects, programs and activities envisioned by the Redevelopment Plan. These activities referred to as "project elements," include the development of low income and moderate income housing, the construction of a major retail shopping center in the heart of the Project Area, Lower State Street Revitalization Program, Transportation Management Program, the construction of a major public park in the City's waterfront, downtown parking improvements, Garden Street improvements and public improvements related to commercial development, and public restroom improvements. Significant tax revenues have been generated by the completion of these "project elements" and overall the project activities have assisted with spin-off economic redevelopment of the entire Project Area.

All real property in the Project Area is subject to the controls and restrictions of the Redevelopment Plan. The Redevelopment Plan itself is in accordance with standards incorporated in the City General Plan. The Redevelopment Plan requires that all new construction shall meet or exceed the standards set forth in the City's building, electrical, plumbing, mechanical and other applicable construction codes. The Redevelopment Plan further provides that no new improvements shall be constructed and that no existing improvements shall be substantially modified, altered, repaired, or rehabilitated except in accordance with site plans submitted and approved by the City Planning Commission.

The Redevelopment Plan allows for commercial-office, residential, industrial and public uses within the Project Area but specifies the particular land use area in which each such use is permitted. The Agency may permit an existing but nonconforming use to remain so long as the existing building is in good condition and is generally compatible with other surrounding developments and uses.

The heights of buildings, architectural controls, and other developments and design controls necessary for proper development within the Project Area are established by the Redevelopment Plan and the City Charter and Municipal Code.

Development Projects

Proceeds from the sale of the 1984, 1985 and 1987 Bonds, together with other Agency funds have been used to undertake and complete a majority of Agency projects and programs. To date, the Agency has completed the Lower State Street Revitalization Project, which includes the development of three public parking facilities involving 475 parking spaces. A total of six blocks on State Street have been landscaped, sidewalks widened and tiled with planters, benches and fountains. Also, significant traffic improvements have been made throughout the Project Area. The 1985 Bonds, together with a portion of the 1987 Bonds were used to assist in the completion of Paseo Nuevo, a 462,300 square foot shopping center with Broadway (now Macy's) and Nordstrom as anchor department store tenants and over 60 retail shops and restaurants. The Agency, together with the developer, have constructed 1,650 public parking spaces to support the retail expansion efforts. The total invested by both the Agency and the development company, JMB Realty, is approximately $200 million. The shopping center has been open and operating since 1989.

In 1993, the Agency issued the Series 1993 Bonds which were earmarked for the implementation of the Waterfront Park and Hotel Project. This project involves the development of a ten acre public park together with a private development of a 150-room luxury hotel resort complex. Construction was completed on Chase Palm Park in 1997; plans for the hotel are currently under review. In addition, the Agency has completed the acquisition, restoration and improvement of the Santa Barbara Railroad Station Project. This project involved restoration of the City's historic Railroad Depot, site improvements including 220 public parking spaces, landscaping, lighting and passenger services improvements.

Private commercial development in the Redevelopment Project is strong, with several new substantial projects either under construction or in the review process. These projects are indicative of the development climate in the Redevelopment Project. Land values are quite high in the project area, and vacant or under-utilized parcels are scarce and the subject of much attention regarding potential high quality development. Of particular note are the following:

• Ralph's supermarket nearly completed at 100 W. Carrillo Street in the Downtown core, with a permit value of $6,850,000 (2002-2003 role)

• A 3-story commercial bank building nearly completed at 1021 Anacapa Street in the Downtown core, with a permit value of $3,200,000 (2002-2003 role)

• Chapala Lofts, a mixed use development under construction at 328 Chapala Street, with a permit value of $3,480,000 (2002-2003 role)

• An approved 96-room business-class hotel not yet under construction at 31 W. Carrillo Street in the downtown core

• An approved 150-room luxury resort hotel by Fess Parker, adjacent to the existing Fess Parker Doubletree Hotel in the Waterfront, not yet under construction. This hotel is part of the Chase Palm Park Redevelopment Project

• A 201-room family hotel on Garden Street in the Waterfront, adjacent to Chase Palm Park, currently scheduled for Planning Commission concept review.

Proceeds of the Series 2001 A Bonds will be used to continue the redevelopment activities within the Redevelopment Project including the Lot 6 Parking Structure, State Street Sidewalks Phase II and Phase III, the Cultural Arts District Plan Property Development including the Granada Theatre Acquisition/Renovation Project and Ensemble Theatre Development

Project, the Mission Creek Flood Control Project Enhancements and property acquisition. The Lot 6, 575 space Parking Structure (the "Parking Structure") is planned to replace an existing city surface parking lot. The Lot 6 Parking Structure will help meet a downtown parking space shortfall. The Parking Structure design includes approximately 10,000 square feet of occupied floor space for transportation offices and parking structure ancillary uses and landscaped pedestrian facilities to help meet a critical need for city staff space needed to provide alternative transportation related programs and services in the city of Santa Barbara. The State Street Sidewalk renovations include new brick sidewalks and landscaping in the downtown area of Santa Barbara. The Mission Creek Flood Control Project provides enhancements to the U. S. Army Corps of Engineers Lower Mission Creek flood control project to help revitalize the downtown area and provide needed recreational facilities.

The Cultural Arts District Plan is a coordinated planning and development effort to counter evidence of blight in the Downtown District of the Project Area in the section of the State Street corridor between Carrillo Street and Victoria Street. This section of Downtown was once the most vital core of the commercial district, but the development of the Paseo Nuevo Mall south of this section of State Street shifted the retailing locus of Downtown away from this area. The "North of Carrillo" section has been experiencing declining retail sales counts, greater vacancies, and less-favorable leasing rates, as documented in the 1999 City study, "North of Carrillo: an Economic Analysis."

One of the identified remedies to this situation is the strengthening of the identity of this section of Downtown as the "Cultural District," which led to the concept of the Cultural Arts District Plan. The concept of the Cultural Arts District Plan calls for the enhancement of existing cultural venues in the area, as well as the development of new cultural venues and the infrastructure (public space, housing, and parking) needed to support that enhancement and development.

The proposed Ensemble Theatre project would make funds available to acquire and develop properties that currently are utilized under lease from private ownerships as surface parking in City Parking Lot 6. These properties will not be utilized for the planned City Lot 6 parking structure described above, but rather, would be developed as office space, residential units and the performing arts theatre. The funds for this project would be used to support the development of a performing arts facility and related infrastructure, including public paseos and plazas that would be developed throughout the Cultural District that would ensue from the Cultural Arts District Plan, the intent of which would be to create a pedestrian-friendly network of public spaces and cultural art venues. The proposed Granada Theatre Acquisition/Renovation Project would provide funds for the acquisition and renovation of the historic Granada Theatre by the Santa Barbara Center for Performing Arts.

Maintenance of Tax Revenues. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and appropriate officials of the State. The Agency shall not enter into any agreement with the County or any other governmental unit, which would have the effect of reducing the amount of Tax Revenues. Nothing in the Indenture is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Agency of any such agreement, amendment or supplement which by its terms meets the requirements of the Agency for the issuance of Subordinate Debt.

No Arbitrage. The Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds 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 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code and applicable Tax Regulations.

Private Business Use Limitation. The Agency shall assure that:

(a) not in excess of ten (10) percent of the Proceeds of the Bonds is used for Private Business Use if, in addition, the payment of the principal of, or the interest on, more than ten (10) percent of the Proceeds of the Bonds is (under the terms of the Bonds or any underlying arrangement) directly or indirectly, (i) secured by any interest in property, or payments in respect of property, used or to be used for a Private Business Use, or (ii) to be derived from payments (whether or not to the Agency) in respect of property, or borrowed money, used or to be used for a Private Business Use; and

(b) in the event that in excess of five (5) percent of the Proceeds of the Bonds is used for a Private Business Use, and, in addition, the payment of the principal of, or the interest on, more than five (5) percent of the Proceeds of the Bonds is, (under the terms of the Bonds or any underlying arrangement) directly or indirectly, secured by any interest in property, or payments in respect of property, used or to be used for said Private Business Use or is to be derived from payments (whether or not to the Agency) in respect of property, or borrowed money, used or to be used for a Private Business Use, then, (A) said excess over said five (5) percent of the Proceeds of the Bonds which is used for a Private Business Use shall be used for a Private Business Use related to a government use of such Proceeds and (B) each such Private Business Use over five (5) percent of the Proceeds of the Bonds which is related to a government use of such Proceeds shall not exceed the amount of such Proceeds which is used for the government use of Proceeds to which such Private Business Use is related.

Private Loan Limitation. The Agency shall assure that not in excess of the lesser of five (5) percent of the Proceeds of the Bonds or $5,000,000 is to be used, directly or indirectly, to make or finance loans (other than loans constituting Nonpurpose Investments and other than loans which enable the borrower to finance any governmental tax or assessment of general application for a specific essential governmental function) to persons other than state or local government units.

Compliance with the Tax Code. The Agency covenants to take any and all action and to refrain from taking such action which is necessary in order to comply with the Tax Code or amendments thereto in order to maintain the exclusion from federal gross income, pursuant to Section 103 of the Tax Code, of the interest on the Bonds paid by the Agency and received by the Owners of the Bonds.

Federal Guarantee Prohibition. The Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code and applicable Tax Regulations.

Compliance with Rebate Requirements. The Agency shall assure compliance with the requirements for rebate of excess investment earnings to the federal government in accordance with Section 148(f) of the Tax Code and applicable Tax Regulations.

Compliance with the Law; Low and Moderate Income Housing Fund.

(a) The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Redevelopment Plan and the Law, including without limitation, duly noticing and holding any public hearing required by either Section 33445 or Section 33679 of the Law prior to application of proceeds of the Bonds to any portion of the Project subject to either Section 33445 or Section 33679 of the Law.

(b) The Agency further covenants that it shall deposit or cause to be deposited in the Low and Moderate Income Housing Fund all amounts when, as and if required to be deposited therein pursuant to the Law and shall expend amounts deposited in the Low and Moderate Income Housing Fund, including, without limitation, proceeds of any Parity Debt deposited therein, solely in accordance with Section 333342 of the Law.

(c) The Agency further covenants that if, for any reason, it deposits less than all amounts required to be deposited in the Low and Moderate Income Housing Fund when, as and if required to be deposited therein pursuant to the Law, it shall comply with the provisions of Section 33334.6(g) of the Law.

Management and Operations of Properties. The Agency will manage and operate all properties owned by the Agency and comprising any part of the Project in a sound and businesslike manner, and will keep such properties insured at all times in conformity with sound business practice.

Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Indenture.

Continuing Disclosure. The Agency and the Trustee covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Agreement (Series 2001 A). Notwithstanding any other provision of the Indenture, failure of the Agency or the Trustee to comply with the Continuing Disclosure Agreement (Series 2001 A) shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2001 A Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee) or any Owner or Beneficial Owner (Series 2001 A) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or the Trustee, as the case may be, to comply with its obligations under this paragraph.

Annual Accounting of Gross Tax Increment. The Agency will cause to be prepared and filed with the Trustee annually, within 180 days after the close of each Fiscal Year, so long as any of the 1995 Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Gross Tax Increment (defined as all monies allocated within the Plan Limit, including amounts required to be deposited into the Low and Moderate Income Housing Fund, payments due under any tax sharing agreements and payments received as subventions or payments in lieu of taxes), all disbursements from the Special Fund and the financial condition of Redevelopment Project, including the balances in all