

Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5A

From: Successor Agency to the County of Orange Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Annual Recognized Obligation Payment Schedule (ROPS) and Administrative Budget

Recommended Action:

Approve resolution approving FY 2019-20 ROPS and Administrative Budget for the County of Orange Successor Agency

The County of Orange Successor Agency requests approval of the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for Fiscal Year 2019-20.

The attached Annual Recognized Obligation Payment Schedule (ROPS) is being presented to the Countywide Oversight Board for their approval in regard to those financial obligations, which remain through June 30, 2020, of the former Orange County Development Agency, pending final approval by the State Department of Finance and State Controller's Office. The financial obligations listed on the ROPS are consistent with the January 18, 2018 Oversight Board approved ROPS.

Included the in ROPS (line items #2 and #25) is a request for funds related to the operation of the County's Successor Agency during FY 2019-2020. The amounts request are consistent with Health and Safety Code section 34171 (b).

On January 8, 2019, the County Board of Supervisors (Board) reviewed and approved the Annual Recognized Obligation Payment Schedule (ROPS) and its associated Administrative Budget. A copy of the relevant Board Resolution will be provided to the Countywide Oversight Board upon receipt from the County Clerk's office.

Impact on Taxing Entities

None

Attachments

- Annual ROPS 2019-20
- Resolution of the Countywide Oversight Board
- Resolution of the Orange County Board of Supervisors (Placeholder)
- Copy of Agreement between County of Orange and BLX Group LLC. (Line Items 22, 41)
- Copy of Agreement between County of Orange and US Bank (Line Items 22, 42)
- Copy of Agreement between County of Orange and Stradling, etc (Line Item 23)
- Copy of Agreement between County of Orange and Applied Best Practices (Line Item 43)

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency:

Orange County

County:

Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 7,538,248	\$ 4,900,210	\$ 12,438,458
F	RPTTF	7,398,948	4,742,510	12,141,458
G	Administrative RPTTF	139,300	157,700	297,000
H	Current Period Enforceable Obligations (A+E):	\$ 7,538,248	\$ 4,900,210	\$ 12,438,458

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (o) of the Health and Safety code, I hereby
certify that the above is a true and accurate Recognized Obligation
Payment Schedule for the above named successor agency.

Brian ProbolskyChair

NameTitle

/s/

SignatureDate

Orange County Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail																						
July 1, 2019 through June 30, 2020																						
(Report Amounts in Whole Dollars)																						
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	19-20A (July - December)					19-20A Total	19-20B (January - June)					19-20B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								\$ 24,206,190		\$ 12,438,458	\$ 0	\$ 0	\$ 0	\$ 7,398,948	\$ 139,300	\$ 7,538,248	\$ 0	\$ 0	\$ 0	\$ 4,742,510	\$ 157,700	\$ 4,900,210
2	Agency Administration	Admin Costs	1/1/2014	6/30/2014	County of Orange	Staff Salaries, Benefits, etc.	SAH/NDAPP	253,300	N	\$ 253,300					126,650	\$ 126,650					126,650	\$ 126,650
3	Annexation Agreement	Miscellaneous	7/6/1999	12/31/2099	City of Lake Forest	Property Tax Allocation	NDAPP	6,407,023	N	\$ 6,407,023				6,407,023		\$ 6,407,023						\$ -
19	Bond Debt Service Project Cost	Fees	3/1/2002	9/1/2023	County of Orange	Treasurer/Tax Collector	SAH/NDAPP	1,380	N	\$ 1,380				460		\$ 460				920		\$ 920
21	Bond Debt Service Project Cost	Fees	8/1/2014	7/31/2019	BLX	Arbitrage Calculation and Reporting	SAH/NDAPP	920	N	\$ 920				920		\$ 920						\$ -
22	Bond Debt Service Project Cost	Fees	3/1/2002	9/1/2023	US Bank	Bank Trustee Service	SAH/NDAPP	6,555	N	\$ 6,555				2,990		\$ 2,990				3,565		\$ 3,565
23	Bond Debt Service Project Cost	Fees	4/23/2013	4/22/2021	Stradling, Yocca, Carlson, Rauth	Bond Counsel	SAH/NDAPP	11,500	N	\$ 11,500				5,750		\$ 5,750				5,750		\$ 5,750
24	General Counsel - Debt Service	Admin Costs	4/23/2013	4/22/2021	Orrick, Herrington, Sutcliffe	Bond Counsel	SAH/NDAPP		Y	\$ -						\$ -						\$ -
25	Bond Administration	Admin Costs	3/1/2002	9/1/2023	County of Orange	Staff Salaries and Benefits	SAH/NDAPP	43,700	N	\$ 43,700					12,650	\$ 12,650					31,050	\$ 31,050
41	2014 Tax Allocation Bonds	Bonds Issued After 12/31/10	1/9/2014	9/1/2023	U.S. Bank	Principal and Interest Debt service for 2014 Santa Ana Heights Tax Allocation Bonds.	SAH	10,845,000	N	\$ 2,708,250						\$ -				2,708,250		\$ 2,708,250
42	2014 Tax Allocation Bonds	Bonds Issued After 12/31/10	9/20/2014	9/1/2022	U.S. Bank	Principal and Interest Debt service for 2014 NDAPP Tax Allocation Bonds	NDAPP	5,651,557	N	\$ 2,020,575						\$ -				2,020,575		\$ 2,020,575
43	Bond Debt Service Project Cost	Fees	12/1/2015	11/30/2019	Applied Best Practices	Bond Continuing Disclosure Service	SAH/NDAPP	3,450	N	\$ 3,450						\$ -				3,450		\$ 3,450
44	Annexiation Agreement True Up	Miscellaneous	7/1/1996	12/31/2099	City of Lake Forest	Property Tax True Up	NDAPP	981,805	N	\$ 981,805				981,805		\$ 981,805						\$ -
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Orange County Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see Cash Balance Tips Sheet .							
A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)						Comments
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount			775	1,053,040	7,064,826	
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller				703,477	5,137,357	
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)					4,823,464	16-17 ROPS Expenditures including accruals of \$6401.98 that were authorized, funded and incurred in 16-17 ROPS but will be paid outside the ROPS period. \$22,944 Lake Forest RPTTF transfer excluded since this is for 17/18A ROPS Distribution per Dept. of Finance.
4	Retention of Available Cash Balance (Actual 06/30/17) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)					188,209	17-18A ROPS distribution amount.
5	ROPS 16-17 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required				336,086	Excess distribution over expenditures; Matches PPA Total Difference.
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 775	\$ 1,756,517	\$ 6,854,424	Please note that this includes \$22,944 DOF approved sweep for 17-18 ROPS and \$7,908,238 DOF approved sweep for 18-19 ROPS.

Orange County Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

[illegible]

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO
THE ORANGE COUNTY DEVELOPMENT AGENCY
APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE
FOR THE PERIOD OF JULY 1, 2019 THROUGH JUNE 30, 2020

WHEREAS, pursuant to California Health and Safety Code section 34177 (o)(1), the County of Orange, as Successor Agency to the Orange County Development Agency (“Successor Agency”), must submit a ROPS to the Department of Finance (the “Department”) and the Orange County Auditor-Controller no later than February 1, 2019; and

WHEREAS, the Successor Agency has submitted the ROPS attached hereto as Exhibit A, for this Board’s review; and

WHEREAS, this Board has reviewed the ROPS as submitted by the Successor Agency for the period of July 1, 2019 through June 30, 2020;

NOW, THEREFORE, BE IT RESOLVED THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD does hereby:

1. Find that the attached Recognized Obligation Payment Schedule contains no deficiencies or errors and correctly reflects the lawful obligations of the Successor Agency to the Orange County Redevelopment Agency for its 2019-2020 fiscal year.
2. Approve the attached Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020, as submitted by the Successor Agency to the Orange County Redevelopment Agency.

3. Direct the Successor Agency to the Orange County Redevelopment Agency to submit the attached Recognized Obligation Payment Schedule to the Department of Finance before February 1, 2019.
4. Authorize the Successor Agency to the Orange County Redevelopment Agency to make minor ministerial changes to the attached Recognized Obligation Payment Schedule upon further direction from the Department of Finance.

ORANGE COUNTY BOARD OF SUPERVISORS
Acting as Successor Agency to the Orange County Development Agency
MINUTE ORDER
January 08, 2019

Submitting Agency/Department: OC COMMUNITY RESOURCES

Approve Recognized Obligation Payment Schedule, 7/1/19 - 6/30/20; direct staff to submit approved schedule to Countywide Oversight Board and to notify the Board of Supervisors of any changes made by the Auditor-Controller, Countywide Oversight Board, State Department of Finance or State Controller's Office; and make California Environmental Quality Act and other findings - All Districts

The following is action taken by the Board of Supervisors:

APPROVED AS RECOMMENDED ☒ OTHER ☐

Unanimous ☐ (1) DO: Y (2) STEEL: Y (3) VACANT: (4) CHAFFEE: Y (5) BARTLETT: Y

Vote Key: Y=Yes; N=No; A=Abstain; X=Excused; B.O.=Board Order

Documents accompanying this matter:

- ☐ Resolution(s)
- ☐ Ordinances(s)
- ☐ Contract(s)

Item No. 6

Special Notes:

Copies sent to:

OCCR - Jeff Kirkpatrick
1/11/19



I certify that the foregoing is a true and correct copy of the Minute Order adopted by the Board of Supervisors, Orange County, State of California.
Robin Stieler, Clerk of the Board

By: _____

Deputy



Agenda Item

6

AGENDA STAFF REPORT

ASR Control 18-001326

MEETING DATE: 01/08/19
LEGAL ENTITY TAKING ACTION: Successor Agency to the Orange County Development Agency
BOARD OF SUPERVISORS DISTRICT(S): All Districts
SUBMITTING AGENCY/DEPARTMENT: OC Community Resources (Approved)
DEPARTMENT CONTACT PERSON(S): Dylan Wright (714) 480-2788
Jeff Kirkpatrick (714) 480-2849

31A4

SUBJECT: Review and Approve the County's Annual Recognized Obligation Payment Schedule.

CEO CONCUR
Concur

COUNTY COUNSEL REVIEW
No Legal Objection

CLERK OF THE BOARD
Consent Calendar
3 Votes Board Majority

Budgeted: Yes

Current Year Cost: N/A

Annual Cost: N/A

Staffing Impact: No

of Positions:

Sole Source: N/A

Current Fiscal Year Revenue: N/A

Funding Source: Other: 100% (Successor Agency Funds)
County Audit in last 3 years: No

Prior Board Action: 2/27/2018 #4

RECOMMENDED ACTION(S):

Acting as the County's Successor Agency:

1. Find that the subject activity is not a project within the meaning of CEQA Guidelines Section 15378 and is therefore not subject to review under CEQA.
2. Approve the Recognized Obligation Payment Schedule for the period of July 1, 2019, through June 30, 2020.
3. Direct staff to submit the Recognized Obligation Payment Schedule to the Countywide Oversight Board.
4. Direct staff to notify the Board of Supervisors of any changes made to the Recognized Obligation Payment Schedule by the County Auditor/Controller, County's Oversight Board, the State Department of Finance and/or the State Controller's Office.

SUMMARY:

In conformance with state law, the Recognized Obligation Payment Schedule (ROPS) is due to the State Department of Finance and the State Controller's Office on February 1, 2019, and is being presented to the Board of Supervisors for their approval.

BACKGROUND INFORMATION:

State law requires Successor Agencies to prepare and submit a Recognized Obligation Payment Schedule (ROPS) that identifies the known financial obligations of the former redevelopment agency prior to the distribution of property taxes. The attached ROPS is being presented to the Board of Supervisors for their approval in regards to those financial obligations; which remain through June 30, 2020, of the former Orange County Development Agency, pending final approval by the State Department of Finance and State Controller's Office. The financial obligations listed on the ROPS (Attachment A) are consistent with the February 27, 2018, Board approved ROPS.

Pursuant to Health and Safety Code Section 34177.7(o)(1), Successor Agencies are required to submit their draft ROPS for review and approval by their respective Oversight Board, prior to submission to the Department of Finance. The Countywide Oversight Board is scheduled to review the attached ROPS in late January 2019. If approved, staff will submit the document to the State Department of Finance and the State Controller's Office on or before February 1, 2019, in conformance with state law.

Compliance with CEQA: This action is not a project within the meaning of CEQA Guidelines Section 15378 and is therefore not subject to CEQA, since it does not have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The approval of this agenda item does not commit the County to a definite course of action in regard to a project since it involves the adoption and submittal of financial documents required per State law. This proposed activity is therefore not subject to CEQA. Any future action connected to this approval that constitutes a project will be reviewed for compliance with CEQA.

FINANCIAL IMPACT:

The annual cost is to be determined by the Countywide Oversight Board, the State Department of Finance and the State Controller's Office. All costs will be included in the County's FY 2019-20 budget process.

There are potential adjustments to financial liabilities for the County and/or Successor Agency based on the interpretation and implementation of Assembly Bill 1X 26 by the State Department of Finance and the State Controller's Office. OC Community Resources will notify the Board of any changes made to the ROPS by the County Auditor-Controller, Countywide Oversight Board, the State Department of Finance and/or the State Controller's Office.

Additionally, should the County fail to submit the ROPS by the state mandated deadline of February 1, 2019, it would be subject to a civil penalty equal to \$10,000 per day for every day the ROPS is late.

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A - Recognized Obligation Payment Schedule

Attachment B - Resolution of the Board of Supervisors

Attachment C - Assembly Bill 1X 26

Attachment D - Health and Safety Code Section 34177

INDENTURE OF TRUST

Dated as of January, 1, 2014

by and between

**SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

Relating to

**\$20,960,000
SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY
(SANTA ANA HEIGHTS PROJECT AREA)
TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2014**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is dated as of January, 1, 2014, by and between the SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY, a public body corporate and politic, duly organized and existing under the laws of the State of California (the "Successor Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the Orange County Development Agency (the "Prior Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the "Law"), and the powers of the Orange County Development Agency included the power to issue Bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for a redevelopment project known and designated as the "Santa Ana Heights Project Area" has been adopted and subsequently amended in compliance with all requirements of the Prior Law (as defined herein), and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Prior Agency has previously issued its \$38,465,000 aggregate principal amount of Orange County Development Agency Tax Allocation Refunding Bonds (Santa Ana Heights Project Area) Series 2003 (the "2003 Bonds"); and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-in Bill"); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the Orange County Development Agency being dissolved as of February 1, 2012; and

WHEREAS, pursuant to the Dissolution Act the powers, assets and obligations of the Prior Agency were transferred on February 1, 2012 to the Successor Agency to the Orange County Development Agency (the "Successor Agency"); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, AB1484 specifically authorizes the issuance of refunding bonds by the Successor Agency pursuant to the Refunding Law (as defined herein) to refund the bonds or other indebtedness of the Prior Agency to provide savings to the Successor Agency, provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds shall not exceed the total remaining interest cost to maturity on the bonds to be refunded plus the remaining principal of the bonds to be refunded, and (B) the principal amount of the refunding

bonds shall not exceed the amount required to defease the refunded bonds, to establish customary debt service reserves, and to pay related costs of issuance; and

WHEREAS, for the corporate purposes of the Successor Agency, the Successor Agency deems it necessary to issue at this time tax allocation refunding bonds in a principal amount not to exceed Twenty Million Nine Hundred Sixty Thousand Dollars (\$20,960,000) (the "Bonds"), and to irrevocably set aside a portion of the proceeds of such Bonds in a separate segregated trust fund which will be used to refund the outstanding 2003 Bonds of the Prior Agency, to pay costs in connection with the issuance of the Bonds and to make certain other deposits as required by this Indenture; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium, if any, thereon, the Successor Agency and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Successor Agency hereby certifies that all acts and proceedings required by law necessary to make the Bonds, when executed by the Successor Agency, and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the Successor Agency, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and redemption premium, if any, on all the Bonds issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Successor Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.1 Findings and Determinations. The Successor Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

Section 1.2 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.2 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"Act" means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

"Annual Debt Service" means, for any Bond Year, the principal and interest payable on the Outstanding Bonds in such Bond Year.

"Bond Counsel" means Stradling Yocca Carlson & Rauth, a Professional Corporation, an attorney or firm of attorneys acceptable to the Successor Agency of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions.

"Bond", "Bonds" or "2014 Bonds" means the (Santa Ana Heights Project Area) Tax Allocation Refunding Bonds, Issue of 2014, authorized by and at any time Outstanding pursuant to this Indenture.

"Bond Year" means the twelve (12) month period commencing on September 2 of each year, provided that the first Bond Year shall extend from the Delivery Date to September 1, 2014.

"Bondowner" or "Owner", or any similar term, means any person who shall be the registered owner or his duly authorized attorney, trustee or representative of any Outstanding Bond.

"Business Day" means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city in which the corporate trust office of the Trustee is located are authorized to close, or (ii) a day on which the New York Stock Exchange is closed.

"Certificate" or "Certificate of the Successor Agency" means a Written Certificate of the Successor Agency.

"Chairman" means the chairman of the Successor Agency or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution or bylaw to perform the functions of the chairman in the event of the chairman's absence or disqualification.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

"Computation Year" means, with respect to the Bonds, the period beginning on the Delivery Date and ending on September 1, 2014, and each 12-month period ending on September 1 thereafter until there are no longer any Bonds Outstanding.

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

"Corporate Trust Office" means the corporate trust office of the Trustee, currently at U.S. Bank National Association, except for exchange, surrender and payment of the Bonds, in which case "Trust Office" shall refer to the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota, or such other or additional offices as may be specified to the Successor Agency by the Trustee in writing.

"Costs of Issuance" means the costs and expenses incurred in connection with the issuance and sale of the Bonds including the initial fees and expenses of the Trustee, rating agency fees, legal fees and expenses, costs of printing the Bonds and Official Statement, fees of financial consultants and other fees and expenses set forth in a Written Certificate of the Successor Agency.

"Costs of Issuance Fund" means the trust fund established in Section 3.3 of this Indenture.

"County" means the County of Orange, California.

"Debt Service Fund" means that trust fund established in Section 4.2 of this Indenture.

"Defeasance Securities" means (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination of the foregoing.

"Delivery Date" means the date on which the Bonds are delivered to the initial purchaser thereof.

"Dissolution Act" means Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State of California.

"DOF" means the California Department of Finance.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Fiscal Year" means any twelve (12) month period beginning on July 1st and ending on the next following June 30th.

"Fund or Account" means any of the funds or accounts referred to herein.

"Indenture" means that certain Indenture of Trust dated as of January, 1, 2014, between the Successor Agency and U.S. Bank National Association, approved by Resolution No. 13-107, adopted by the Successor Agency on October 22, 2013, and Resolution No. 13-004, adopted by the Oversight Board on October 24, 2013, authorizing the issuance of the Bonds.

"Independent Financial Consultant" "Independent Engineer" "Independent Certified Public Accountant" or "Independent Redevelopment Consultant" means any individual or firm engaged in the profession involved, appointed by the Successor Agency, and who, or each of whom, has demonstrated experience (as determined by the Successor Agency in good faith) in the field in which his/her opinion or certificate will be given, and:

- (1) is in fact independent and not under domination of the Successor Agency;

(2) does not have any substantial interest, direct or indirect, with the Successor Agency; and

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

"Interest Account" means the account by that name referenced in Section 4.3 of this Indenture.

"Interest Payment Date" means March 1 and September 1, commencing September 1, 2014 so long as any of the Bonds remain Outstanding hereunder.

"Law" means the Community Redevelopment Law of the State of California as cited in the recitals hereof.

"Maximum Annual Debt Service" means the largest of the sums obtained for any Bond Year after the computation is made, by totaling the following for each such Bond Year:

(1) The principal amount of all Bonds and Parity Bonds, if any, and the amount of any sinking account payments payable in such Bond Year; and

(2) The interest which would be due during such Bond Year on the aggregate principal amount of Bonds and Parity Bonds which would be outstanding in such Bond Year if the Bonds and Parity Bonds outstanding on the date of such computation were to mature or be redeemed in accordance with the maturity schedules for the Bonds and Parity Bonds. At the time and for the purpose of making such computation, the amount of term Bonds and term Parity Bonds already retired in advance of the above-mentioned schedules shall be deducted pro rata from the remaining amounts thereon.

"Opinion of Counsel" means a written opinion of an attorney or firm of attorneys of favorable reputation in the field of municipal bond law. Any opinion of such counsel may be based upon, insofar as it is related to factual matters, information which is in the possession of the Successor Agency as shown by a certificate or opinion of, or representation by, an officer or officers of the Successor Agency, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which his or her opinion may be based, as aforesaid, is erroneous.

"Outstanding" means, when used as of any particular time with reference to Bonds, subject to the provisions of this Indenture, all Bonds theretofore issued and authenticated under this Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and authenticated pursuant to this Indenture.

"Oversight Board" means the oversight board duly constituted from time to time pursuant to Section 34179 of the Dissolution Act.

"Parity Bonds" means any additional tax allocation bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) issued by the Successor Agency as permitted by Section 3.4 of this Indenture.

"Pass-Through Agreements" means the agreements of the Prior Agency entered into prior to the date hereof pursuant to Section 33401 of the Health and Safety Code.

"Paying Agent" means any paying agent appointed by the Successor Agency pursuant to the Indenture.

"Permitted Investments" means:

- (a) For all purposes, including defeasance investments in refunding escrow accounts.
 - (1) Defeasance Securities
- (b) For all purposes other than defeasance investments in refunding escrow accounts.
 - (1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
 - Export-Import Bank
 - Rural Economic Community Development Administration
 - U.S. Maritime Administration
 - Small Business Administration
 - U.S. Department of Housing & Urban Development (PHAs)
 - Federal Housing Administration -Federal Financing Bank
 - (2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
 - Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
 - Obligations of the Resolution Funding Corporation (REFCORP)
 - Senior debt obligations of the Federal Home Loan Bank System
 - Senior debt obligations of other Government Sponsored Agencies
 - (3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their affiliates, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360

calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

- (4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;
 - (5) Investments in a money market fund, including those of an affiliate of the Trustee rated "AAAm" or "AAAm-G" or better by S&P;
 - (6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
 - (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or
 - (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) of the definition of Defeasance Securities, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.
 - (7) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P at the time of purchase.
 - (8) The Local Agency Investment Fund of the State or any state administered pooled investment fund in which the Successor Agency is statutorily permitted or required to invest will be deemed a permitted investment.
 - (9) The Orange County Investment Pool.
- (c) The value of the above investments shall be determined as follows:
- (1) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The

Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, and Bank of America Merrill Lynch.

- (2) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and
- (3) As to any investment not specified above: the value thereof established by prior agreement among the Successor Agency and the Trustee.

"Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Pledged 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, (c) the period of time for receiving Tax Revenues for any purpose, established pursuant to Section 33333.4 or 33333.6 of the Redevelopment Law.

"Pledged Tax Revenues" means the portion of the monies deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Agency on or after the date of issue of the Bonds, pursuant to Article 6 of Chapter 6 of the Prior Law and Section 16 of Article XVI of the Constitution of the State, including (a) 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 (b) all 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 Prior Law, to the extent permitted to be applied to the payment of principal, interest and premium, if any, with respect to the 2014 Bonds and any Parity Bonds, but excluding all taxes levied upon aircraft as that term is defined in Section 5303 of the Revenue and Taxation Code of the State and amounts of such taxes required to be paid by the Agency pursuant to the Pass-Through Agreements, except to the extent such payments are subordinated to the pledge of Pledged Tax Revenues hereunder. In accordance with the Dissolution Act, the Bonds and Parity Bonds shall be payable from and secured by, and Pledged Tax Revenues shall include, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Health & Safety Code Section 34183. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution; subject to any prior claims against such revenues under such sections.

"Principal Account" means the account by that name referenced in Section 4.3 of this Indenture.

"Prior Agency" means the Orange County Development Agency.

"Prior Law" means the Community Redevelopment Law of the State of California (commencing with Health and Safety Code Section 33000) as it existed on or before June 29, 2011.

"Qualified Reserve Account Credit Instrument" means (a) with respect to the Bonds or any Parity Debt, 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 Section 4.3, provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (i) the long-term credit rating of such bank or insurance company is "A" or better (without regard to gradations) highest rating categories (without regard to modifier) by S&P and Moody's, and, if rated by A.M. Best & Company, the claims paying ability of such insurance company is rated in one of the three highest rating category by A.M. Best & Company; (ii) such letter of credit or surety bond has a term of at least twelve (12) months; (iii) 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 Section 4.3 of the Indenture; and (iv) 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 and the Principal Account for the purpose of making payments required pursuant to Section 4.3 of the Indenture and (b) with respect to any Parity Debt, such instrument as is set forth in the related Parity Debt Instrument.

"Rebate Regulations" means the final Treasury Regulations issued under Section 148(f) of the Code.

"Recognized Obligation Payment Schedule" means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the Dissolution Act.

"Redevelopment Plan" means the Redevelopment Plan for the Santa Ana Heights Project Area approved and adopted by the Board of Supervisors of the County by Ordinance No. 3595 on July 15, 1986 and includes any amendment thereof, hereafter or heretofore made pursuant to the Law or other applicable law.

"Redevelopment Obligation Retirement Fund" means the fund by that name established pursuant to Health & Safety Code Section 34170.5 (b) and administered by the Successor Agency.

"Redevelopment Project Area," "Redevelopment Project" or "Project Area" means the means the Project Area described in the Redevelopment Plan.

"Redevelopment Property Tax Trust Fund" or "RPTTF" means the fund by that name established pursuant to Health & Safety Code Sections 34170.5(a) and 34172(c) and administered by the County auditor-controller.

"Refunded Bonds" means the 2003 Bonds.

"Refunding Law" means Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

"Record Date" means the fifteenth day of the month preceding any Interest Payment Date whether or not such day is a Business Day.

"Report" means a document in writing signed by an Independent Financial Consultant and including:

(a) A statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates;

(b) A brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(c) A statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"Reserve Account" means the account by that name referenced in Section 4.3 hereof.

"Reserve Requirement" means, as of the date of computation, an amount equal to the combined lesser of (i) Maximum Annual Debt Service on the Bonds and any Parity Bonds, (ii) 10% of the net proceeds of the Bonds and any Parity Bonds, or (iii) 125% of the average Annual Debt Service on all Bonds and Parity Bonds Outstanding.

"State" means the State of California, United States of America.

"Supplemental Indenture" means any indenture then in full force and effect which has been duly adopted by the Successor Agency under the Dissolution Act, or any act supplementary thereto or amendatory thereof, at a meeting of the Successor Agency duly convened and held, of which a quorum was present and acted thereon, amendatory of or supplemental to this Indenture or any indebtedness entered into in connection with the issuance of Parity Bonds; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Certificate" means that certain Tax Certificate executed by the Successor Agency with respect to the Bonds.

"Trustee" means U.S. Bank National Association, a national banking association, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in this Indenture.

"2003 Bonds" means the Prior Agency's \$38,465,000 Tax Allocation Refunding Bonds (Santa Ana Heights Project Area), Series 2003.

"2003 Bonds Escrow Bank" means U.S. Bank National Association, a national banking association, as escrow bank under the Escrow Agreement.

"2003 Bonds Escrow Fund" means the trust fund established under the 2003 Bonds Escrow Agreement.

"2003 Bonds Escrow Agreement" means the 2003 Bonds Escrow Agreement between the Successor Agency and the 2003 Bonds Escrow Bank.

"2003 Indenture" means the Indenture of Trust dated as of November 1, 2003 providing for the issuance of the 2003 Bonds.

"Santa Ana Heights Project Area" means the Redevelopment Project described in the Redevelopment Plan.

"Written Request of the Successor Agency" or "Written Certificate of the Successor Agency" means a request or certificate, in writing signed by the Public Finance Manager or Chief Financial Officer of the County of Orange, California, acting in his/her capacity as designee of the Successor Agency to the Orange County Development Agency of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

Section 1.3 Rules of Construction. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein", "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.1 Authorization of Bonds. (a) Bonds in the aggregate principal amount of Twenty Million Nine Hundred Sixty Thousand Dollars (\$20,960,000) are hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture, the Refunding Law and the Act. This Indenture constitutes a continuing agreement with the Trustee for the benefit of the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums, if any, and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "Successor Agency to the Orange County Development Agency (Santa Ana Heights Project Area) Tax Allocation Refunding Bonds, Issue of 2014."

(a) The Bonds shall be and are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, on a parity with any Parity Bonds from Pledged Tax Revenues and other funds as hereinafter provided. The Bonds, interest and premium, if any, thereon are not a debt of the County, the State or any of its political subdivisions (except the Successor Agency), and none of the County, the State nor any of its political subdivisions (except the Successor Agency) is liable on them. In no event shall the Bonds, interest thereon and premium, if any, be payable out of any funds or properties other than those of the Successor Agency as set forth in this Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Successor Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Bonds shall be and are equally secured together with any Parity Bonds, by an irrevocable pledge of the Pledged Tax Revenues and other funds as hereinafter provided, without priority for number, maturity, date of sale, date of execution or date of delivery, except as expressly provided herein.

Nothing in this Indenture shall preclude: (a) the payment of the Bonds from the proceeds of refunding bonds issued pursuant to the Law or the Refunding Law, or (b) the payment of the Bonds from any legally available funds. Nothing in this Indenture shall prevent the Successor Agency from

making advances of its own funds, however derived, to any of the uses and purposes mentioned in this Indenture.

The Successor Agency shall have the right to defease the Bonds and be discharged from the lien of this Indenture in accordance with the provision of Section 9.3 hereof. If the Successor Agency shall cause to be paid, or shall have made provision to pay upon maturity or upon redemption prior to maturity, to the Bondowners the principal of, premium, if any, and interest to become due on the Bonds, through setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to this Indenture or otherwise, or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account with a fiscal agent or otherwise, moneys sufficient therefor, including, but not limited to, interest earned or to be earned on the investment of such funds, then the lien of this Indenture, including, without limitation, the pledge of the Pledged Tax Revenues, and all other rights granted hereby, shall cease, terminate and become void and be discharged and satisfied, and the principal of, premium, if any, and interest on the Bonds shall no longer be deemed to be outstanding and unpaid; provided, however, that nothing in this Indenture shall require the deposit of more than such amount as may be sufficient, taking into account both the principal amount of such funds and the interest to become due on the investment thereof, to implement any refunding of the Bonds.

Section 2.2 Term of Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof and the Bonds shall mature on September 1, in the years and in the amounts and shall bear interest at the rate per annum as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
September 1, 2014	\$1,485,000	3.000%
March 1, 2015	875,000	4.000%
September 1, 2015	895,000	4.000%
March 1, 2016	915,000	5.000%
September 1, 2016	935,000	5.000%
March 1, 2017	960,000	5.000%
September 1, 2017	985,000	5.000%
March 1, 2018	1,010,000	5.000%
September 1, 2018	1,035,000	5.000%
March 1, 2019	1,060,000	5.000%
September 1, 2019	1,085,000	5.000%
March 1, 2020	1,110,000	5.000%
September 1, 2020	1,140,000	5.000%
March 1, 2021	1,170,000	5.000%
September 1, 2021	1,200,000	5.000%
March 1, 2022	1,230,000	5.000%
September 1, 2022	1,260,000	5.000%
March 1, 2023	1,290,000	5.000%
September 1, 2023	1,320,000	5.000%

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee

mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner. Principal of and redemption premium, if any, on any Bond shall be paid upon presentation and surrender thereof, at maturity or redemption, at the Trust Office of the Trustee. Both the principal of and interest and premium, if any, on the Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months.

Each Bond shall be initially dated as of the Delivery Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) 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 (b) a Bond is authenticated on or before February 15, 2014, in which event it shall bear interest from the Delivery Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.3 Redemption of Bonds.

(a) Optional Redemption. The Bonds are not subject to redemption prior to maturity.

Section 2.4 Form of Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.5 Execution of Bonds. The Bonds shall be executed on behalf of the Successor Agency by the signature of its Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency and the signature of its Clerk who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Successor Agency although on the date of such Bond any such person shall not have been such officer of the Successor Agency.

Only such of the Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A hereto, manually executed and dated by and in the name of the Trustee by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Bonds are issued pursuant to Section 2.9 hereof, the temporary Bonds shall bear thereon a certificate of authentication manually executed and dated by the Trustee, shall be initially registered by the Trustee, and, until so exchanged as provided under Section 2.9 hereof, the temporary Bonds

shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.6 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for registration of transfer, the Successor Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denominations. The Trustee shall collect any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.6. The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any exchange or transfer shall be paid by the Successor Agency.

The Trustee may refuse to transfer, under the provisions of this Section 2.6, either (a) any Bonds during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption pursuant to the provisions of Section 2.3.

Section 2.7 Exchange of Bonds. Bonds may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.7. The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any exchange or transfer shall be paid by the Successor Agency.

The Trustee may refuse to exchange, under the provisions of this Section 2.7, either (a) any Bonds during the period established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption pursuant to the provisions of Section 2.3.

Section 2.8 Registration Books. The Trustee will keep or cause to be kept, at its Trust Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection by the Successor Agency with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as hereinbefore provided.

Section 2.9 Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Successor Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Successor Agency upon the same conditions and in substantially the same manner as the definitive Bonds. If the Successor Agency issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.10 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon deliver, a new Bond of like amount and maturity in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Successor Agency and the Trustee and, if such evidence is satisfactory to both and indemnity satisfactory to them shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like amount and maturity in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Successor Agency may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.10 and of the expenses which may be incurred by the Successor Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Bond so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

Section 2.11 Book-Entry Only System. It is intended that the Bonds, be registered so as to participate in a securities depository system with DTC (the "DTC System"), as set forth herein. The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds in the name of Southwest Securities, Inc. and shall thereafter be assigned to and registered in the name of Cede & Co., as nominee of DTC. The Successor Agency and the Trustee are authorized to execute and deliver such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including a representation letter in the form required by DTC (the "Representation Letter"). In the event of any conflict between the terms of any such letter or agreement, including the Representation Letter, and the terms of this Indenture, the terms of this Indenture shall control. DTC may exercise the rights of a Bondholder only in accordance with the terms hereof applicable to the exercise of such rights.

With respect to the Bonds registered in the books of the Trustee in the name of Cede & Co., as nominee of DTC, the Successor Agency and the Trustee, shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "DTC Participant") or to any person on behalf of whom such a DTC Participant directly or indirectly holds an interest in the Bonds (each such person being herein referred to as an "Indirect Participant"). Without limiting the immediately preceding sentence, Successor Agency and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (b) the delivery to any DTC Participant or any Indirect Participant or any other person, other than a Bondholder, as shown in the Register, of any notice with respect to the Bonds, including any notice of redemption, (c) the payment to any DTC Participant or Indirect Participant or any other Person, other than a Bondholder, as shown in the Register, of any amount with respect to principal of, premium, if any, or interest on, the Bonds or (d) any consent given by DTC as registered owner. So long as certificates for the Bonds are not issued pursuant to Section 2.12 and the Bonds are registered to DTC, the Successor Agency, and the Trustee shall treat DTC or any successor securities depository as, and deem DTC or any successor securities depository to be, the absolute owner of the Bonds for all purposes whatsoever, including without limitation (i) the payment of principal and interest on the Bonds, (ii) giving notice of redemption and other matters with respect to

the Bonds, (iii) registering transfers with respect to the Bonds and (iv) the selection of Bonds for redemption. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Bond certificate with respect to any Bond. Notwithstanding any other provision of this Indenture to the contrary, so long as any of the Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the Representation Letter.

Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks being mailed to the registered owner at the close of business on the Record Date applicable to any Interest Payment Date, the name "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 2.12 Successor Securities Depository; Transfers Outside Book-Entry Only System. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Successor Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. The Successor Agency, without the consent of any other person, but following written notice to the Successor Agency and the Trustee, may terminate the services of DTC with respect to the Bonds. Upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to the foregoing provisions, unless a substitute securities depository is appointed to undertake the functions of DTC hereunder, the Successor Agency, at the expense of the Successor Agency, is obligated to deliver Bond certificates to the beneficial owners of the Bonds, as described in this Indenture, and the Bonds shall no longer be restricted to being registered in the books of the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or name Bondowner transferring or exchanging Bonds shall designate to the Trustee in writing, in accordance with the provisions of this Indenture. The Successor Agency may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, as may be acceptable to the Successor Agency, or such depository's agent or designee.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS; PARITY DEBT

Section 3.1 Issuance of Bonds. Upon the execution and delivery of this Indenture and receipt by the Successor Agency of evidence satisfactory to it of satisfaction of the conditions precedent to issuance of the Bonds, the Successor Agency shall execute and deliver Bonds in the aggregate principal amount of Twenty Million Nine Hundred Sixty Dollars (\$20,960,000) to the Trustee and the Trustee shall authenticate and deliver the Bonds upon the Written Request of the Successor Agency.

Section 3.2 Application of Proceeds of Bonds. (a) On the Delivery Date the proceeds of sale of the Bonds (being \$22,580,108.90, constituting the par amount of Bonds, plus original issue premium in the amount of \$1,806,652.90, less the Underwriter's discount in the amount of \$186,544.00) shall be paid to the Trustee and said amount together with moneys transferred from the Funds and Accounts held in connection with the Refunded Bonds shall be applied as follows:

(i) The Trustee shall deposit the amount of \$2,276,665.29 into the Reserve Account of the Debt Service Fund:

(ii) Trustee shall transfer the amount of \$20,051,044.21 to the 2003 Bonds Escrow Bank for deposit in the 2003 Bonds Escrow Fund pursuant to the 2003 Bonds Escrow Agreement;

(iii) The Trustee shall deposit the amount of \$252,399.40 from Bond proceeds into the Costs of Issuance Fund.

The Trustee may establish a temporary fund or account in its records to facilitate and record such deposits and transfers.

Moneys deposited in the 2003 Bonds Escrow Fund pursuant to Section 3.2(a) hereof shall be held by the 2003 Bonds Escrow Bank and used to pay the principal of and interest on the 2003 Bonds in accordance with the provisions of the 2003 Bonds Escrow Agreement.

Section 3.3 Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said Fund. On the date which is four (4) months following the Delivery Date, or upon the earlier Written Request of the Successor Agency, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Debt Service Fund and the Trustee shall close the Costs of Issuance Fund.

Section 3.4 Issuance of Parity Bonds. In addition to the Bonds, subject to the requirements of this Indenture, the Successor Agency may issue or incur Parity Bonds in such principal amount as shall be determined by the Successor Agency solely for the purpose of refunding a portion of the Bonds, pursuant to a separate or Supplemental Indenture adopted or entered into by the Successor Agency and the Trustee and for such purposes as are permitted under the Dissolution Act, including without limitation Section 34177.5 thereof. The Successor Agency may issue or incur such Parity Bonds subject to the following specific conditions precedent:

(a) The Successor Agency will be in compliance with all covenants set forth in this Indenture;

(b) The Oversight Board shall have approved the issuance of Parity Bonds;

(c) The Parity Bonds will be on such terms and conditions as may be set forth in a separate or Supplemental Indenture, which will provide for (i) bonds substantially in accordance with this Indenture, and (ii) the deposit of moneys into the Reserve Account in an amount sufficient, together with the balance of the Reserve Account, to equal the Reserve Requirement on all Bonds expected to be outstanding including the Parity Bonds;

(d) Receipt of a certificate or opinion of an Independent Financial Consultant stating that the conditions of Section 34177.5(a)(1) for the issuance of refunding bonds have been met, together with supporting schedules demonstrating such conditions have been met.

(e) The Parity Bonds will mature on and interest will be payable on the same dates as the Bonds (except the first interest payment may be from the date of the Parity Bonds until the next succeeding March 1 or September 1) provided, however, nothing herein shall preclude the Successor Agency from issuing and selling Parity Bonds which do not pay current interest.

Section 3.5 Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of his obligation with respect to the Redevelopment Project.

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.1 Security of Bonds; Equal Security. Except as provided in Sections 4.2 and 6.6, the Bonds shall be equally secured by a pledge and lien on all of the Pledged Tax Revenues and on all of the moneys in the Redevelopment Obligation Retirement Fund and the Debt Service Fund (including the Interest Account, the Principal Account and the Reserve Account therein) on a parity with the first pledge of and lien thereon of the Parity Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

In consideration of the acceptance of the Bonds by those who shall own the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 4.2 Redevelopment Obligation Retirement Fund, Debt Service Fund, Deposit of Pledged Tax Revenues. There has been established a special trust fund known as the "Redevelopment Obligation Retirement Fund," which shall be held by the Successor Agency pursuant to Section 34170.5(b) of the Dissolution Act. There is hereby established a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee in accordance with this Indenture. The Successor Agency shall deposit all of the Pledged Tax Revenues received in any Bond Year from the RPTTF in accordance with the Dissolution Act in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund established and held under this Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in such Bond

Year pursuant to Section 4.3 of this Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in any Supplemental Indenture.

Section 4.3 Transfer of Amounts by the Trustee. There are hereby created accounts within the Debt Service Fund as set forth below, to be known respectively as the 2014 Bonds Interest Account, the 2014 Bonds Principal Account and the 2014 Bonds Reserve Account. Moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts at the following times, for deposit in the following respective accounts within the Debt Service Fund, which are hereby established with the Trustee, in the following order of priority:

(a) 2014 Bonds Interest Account. On or before the 5th Business Day preceding each Interest Payment Date, the Trustee will withdraw from the Debt Service Fund and transfer to the 2014 Bonds Interest Account an amount which, when added to the amount contained in the 2014 Bonds Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the 2014 Bonds Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. Subject to this Indenture, 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 becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

(b) 2014 Bonds Principal Account. On or before the 5th Business Day preceding each Interest Payment Date in each calendar year beginning September 1, 2014, the Trustee will withdraw from the Debt Service Fund and transfer to the 2014 Bonds Principal Account an amount equal to the principal payments becoming due and payable on Outstanding Bonds and Parity Bonds on such March 1 and September 1, to the extent monies on deposit in the Redevelopment Obligation Retirement Fund are available therefor. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal payments to become due on such September 1 on all Outstanding Bonds. Subject to this Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the Bonds as it becomes due and payable.

(c) 2014 Bonds Reserve Account. In the event the moneys on deposit in the Debt Service Fund five (5) Business Days before any Interest Payment Date are less than the full amount of the interest and principal payments required to be deposited, the Trustee will, five (5) Business Days before such Interest Payment Date, withdraw from the 2014 Bonds Reserve Account an amount equal to any such deficiency and will notify the Successor Agency of any such withdrawal. Promptly upon receipt of any such notice, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Reserve Account an amount which will be sufficient to maintain the Reserve Requirement on deposit in the 2014 Bonds Reserve Account and the Reserve Account of any additional Parity Bonds. If there is not sufficient moneys in the Redevelopment Obligation Retirement Fund to transfer an amount when added to the amount on deposit in the Reserve Account will be sufficient to maintain the Reserve Requirement on deposit in the 2014 Bonds Reserve Account and the Reserve Account for any additional Parity Bonds, the Successor Agency will have an obligation to continue making transfers of Pledged Tax Revenues into the Debt Service Fund, as such revenues become available, and thereafter, as moneys become available in the Debt Service Fund, the Trustee will make transfers to the 2014 Bonds Reserve Account and the Reserve Account for any additional Parity Bonds until there is an amount sufficient

to maintain the Reserve Requirement on deposit in the 2014 Bonds Reserve Account and the Reserve Account for any additional Parity Bonds. No such transfer and deposit need be made to the 2014 Bonds Reserve Account (or any subaccount therein) so long as there is on deposit therein a sum at least equal to the Reserve Requirement. Subject to this Indenture all money in the 2014 Bonds Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the 2014 Bonds Interest Account and the 2014 Bonds Principal Account, in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder, any amount in the 2014 Bonds Reserve Account in excess of the Reserve Requirement will be withdrawn from the 2014 Bonds Reserve Account semiannually on or before the 5th Business Day preceding March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the 2014 Bonds Reserve Account on the 5th Business Day preceding the final Interest Payment Date will be withdrawn from the Reserve Account and will be transferred either (i) to the 2014 Bonds Interest Account and the 2014 Bonds Principal Account, in such order, to the extent required to make the deposits then required to be made or, (ii) if the Successor Agency shall have caused to be deposited with the Trustee an amount sufficient to make the deposits required by this Indenture, then at the Written Request of the Successor Agency such amount shall be transferred as directed by the Successor Agency. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Reserve Account shall be applied solely to the payment of debt service due on the Bonds. In lieu of cash funding of the Reserve Requirement, all or a part thereof may be funded by the deposit of a Qualified Reserve Account Credit Instrument.

(d) Equal Rights. It is the intention of the Successor Agency that the Bonds and Parity Bonds shall be secured by and payable from all moneys deposited in the Redevelopment Obligation Payment Fund on an equal basis. To the extent that moneys deposited in the Redevelopment Obligation Payment Fund are insufficient to pay debt service on the Bonds and Parity Bonds as it becomes due, the Bonds and Parity Bonds shall be payable on a pro-rata basis from all available moneys deposited in the Redevelopment Obligation Payment Fund.

Section 4.4 Rebate Fund. The Trustee shall establish the Rebate Fund and the Successor Agency shall comply with the requirements below. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section and the applicable Tax Certificate, unless the Successor Agency obtains an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied.

(a) Excess Investment Earnings

(i) Computation. Within 55 days of the end of each fifth Computation Year with respect to the Bonds, the Successor Agency shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g. the temporary investments exception of Section 148(f)(4)(B) and the construction expenditure exception of Section 148(f)(4)(C) of the Code), for this purpose treating the last day of the applicable Computation Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the "Rebatable Arbitrage"). The Successor Agency shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Transfer. Within 55 days of the end of each fifth Computation Year with respect to the Bonds, upon the written direction of an authorized officer, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this Section 4.4(a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the Finance Officer, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Debt Service Fund.

(iii) Payment to the Treasury. The Successor Agency shall direct the Trustee in writing to pay to the United States Treasury, out of amounts in the Rebate Fund.

(X) Not later than 60 days after the end of (A) the fifth Computation Year with respect to the Bonds, and (B) each applicable fifth Computation Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Computation Year; and

(Y) Not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Computation Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Successor Agency shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established herein, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Subsection 4.4(a)(iii) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared by the Successor Agency, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption, if any, and payment of the Bonds and the payments described in Section 4.4(a)(iii), shall be transferred by the Trustee to the Successor Agency at the written direction of the Successor Agency and utilized in any manner by the Successor Agency.

(c) Survival of Defeasance. Notwithstanding anything in this Section 4.4 or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Bonds and any Parity Bonds.

(d) Trustee Responsible. The Trustee shall have no obligations or responsibilities under this Section other than to follow the written directions of the Successor Agency. The Trustee shall have no responsibility to make any calculations of rebate or to independently review or verify such calculations.

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.1 Covenants of the Successor Agency. As long as the Bonds are outstanding and unpaid, the Successor Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the Bondowners which are necessary, convenient and desirable to secure the Bonds and will tend to make them more marketable; provided, however, that the covenants do not require the Successor Agency to expend any funds other than the Pledged Tax Revenues:

Covenant 1. Use of Proceeds; Management and Operation of Properties. The Successor Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in this Indenture and that it will manage and operate all properties owned by it comprising any part of the Project Area in a sound and businesslike manner.

Covenant 2. No Priority. The Successor Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Pledged Tax Revenues which have any lien upon the Pledged Tax Revenues prior or superior to the lien of the Bonds. Except as permitted by Section 3.4 hereof, it will not issue any obligations, payable as to principal or interest, from the Pledged Tax Revenues, which have any lien upon the Pledged Tax Revenues on a parity with the Bonds authorized herein. Notwithstanding the foregoing, nothing in this Indenture shall prevent the Successor Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Pledged Tax Revenues, if such refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding all of the Outstanding Bonds, (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Pledged Tax Revenues which is junior to the Bonds or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Pledged Tax Revenues. As used herein "obligations" includes, without limitation, bonds, notes, interim certificates, debentures or other obligations.

Covenant 3. Punctual Payment. The Successor Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds. Further, it will take all actions required

under the Dissolution Act to include on the Recognized Obligation Payment Schedules for each six-month period of a calendar year, beginning with the first six-month period arising after the Delivery Date for which no Recognized Obligation Payment Schedule has been submitted, all payments to the Trustee to satisfy the requirements of Section 4.2 of this Indenture, including any amounts required under the Indenture to replenish the Reserve Account of the Debt Service Fund to the full amount of the Reserve Requirement. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and DOF, to the extent necessary, the amounts to be held by the Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following six-month period. For the avoidance of doubt, the Agency will take all actions required under the Dissolution Act to include in the Recognized Obligation Payment Schedule relating to the January 2 payment date commencing January 2, 2015, the annual scheduled debt service on the Bonds and any Parity Bonds coming due in that same calendar year.

Covenant 4. Payment of Taxes and Other Charges. The Successor Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Project Area, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Pledged Tax Revenues or other legally available funds to pay the principal of and interest on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

Covenant 5. Books and Accounts; Financial Statements. The Successor Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Tax Revenues and other funds relating to the Redevelopment Project. The Successor Agency will prepare within one hundred eighty (180) days after the close of each of its Fiscal Years a complete financial statement or statements for such year, in reasonable detail covering the Tax Revenues and other funds, accompanied by an opinion of an Independent Certified Public Accountant appointed by the Successor Agency, and will furnish a copy of the statement or statements to the Trustee and any rating agency which maintains a rating on the Bonds and, upon written request, to any Bondowner. The Trustee shall have no duty to review the Successor Agency's financial statements. The Successor Agency's financial statements may be included as part of the County's Comprehensive Annual Financial Report.

Covenant 6. Eminent Domain Proceeds. The Successor Agency covenants and agrees that if all or any part of the Redevelopment Project Area should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, it shall take all steps necessary to adjust accordingly the base year property tax roll of the Project Area.

Covenant 7. Disposition of Property. The Successor Agency covenants and agrees that it will not dispose of more than ten percent (10%) of the land area in the Project Area (except property shown in the Redevelopment Plan in effect on the date this Indenture is adopted as planned for public use, or property to be used for public streets, public offstreet parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt, unless such disposition will not result in Pledged Tax Revenues to be less than the amount required for the issuance of Parity Bonds as provided in Section 3.4, based upon the certificate or opinion of an Independent Financial Consultant appointed by the Successor Agency.

Covenant 8. Protection of Security and Rights of Bondowners. The Successor Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondowners and to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that (i) the Law or Refunding Law is unconstitutional or (ii) that the Pledged Tax Revenues pledged under this Indenture cannot be paid to the Successor Agency for the debt service on the Bonds or (b) any other action affecting the validity of the Bonds or diluting the security therefor, including, with respect to the Pledged Tax Revenues, the lien priority position of the Bonds.

Covenant 9. Tax Covenants. The Successor Agency covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any departments or agency thereof that the interest received by the Bondowners is includable in gross income of the recipient under federal income tax laws on the date of issuance of the Bonds. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Bonds will not be adversely affected for federal income tax purposes, the Successor Agency covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The Successor Agency will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or Parity Bonds or of any other monies or property which would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

(2) Arbitrage. The Successor Agency will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds or Parity Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(3) Federal Guaranty. The Successor Agency will make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(4) Information Reporting. The Successor Agency will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(5) Hedge Bonds. The Successor Agency will make no use of the proceeds of the Bonds or any other amounts or property, regardless of the source, or take any

RESOLUTION OF THE SUCCESSOR AGENCY TO THE ORANGE
COUNTY DEVELOPMENT AGENCY AUTHORIZING THE ISSUANCE
AND SALE OF TAX ALLOCATION REFUNDING BONDS, AND
APPROVING THE FORM OF AN INDENTURE OF TRUST, BOND
PURCHASE CONTRACT, 2001 BONDS ESCROW AGREEMENT AND
RELATED DOCUMENTS AND AUTHORIZING CERTAIN OTHER
ACTIONS IN CONNECTION THEREWITH

June 17, 2014

WHEREAS, the Orange County Development Agency (the "Prior Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the "Law"), and the powers of the Prior Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for a redevelopment project known and designated as the "Neighborhood Development and Preservation Project Area" has been adopted and approved by Ordinance No. 3720 of the County of Orange on June 28, 1988, as subsequently amended from time to time, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Prior Agency has previously issued \$26,160,000 aggregate principal amount of Orange County Development Agency Tax Allocation Refunding Bonds (Neighborhood Development and Preservation Project), Series 2001 (the "2001 Bonds"); and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-in Bill"); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the Prior Agency being dissolved as of February 1, 2012; and

WHEREAS, pursuant to the provisions of the Dissolution Act the powers, assets and obligations of the Orange County Development Agency were transferred on February 1, 2012 to the Successor Agency to the Prior Agency (the "Successor Agency"); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, AB1484 specifically authorizes the issuance of refunding bonds by the Successor Agency to refund outstanding bonds issued by the Prior Agency for the purpose of reducing debt service, provided the provisions of California Health and Safety Code Section 34177.5(a)(1) are met (the "Savings Test"); and

WHEREAS, the Successor Agency wishes at this time, at the direction of the Oversight Board created by the Dissolution Act, to issue bonds in the approximate principal amount of Sixteen Million Dollars (\$16,000,000) designated as the Successor Agency to the Orange County Development Agency, Neighborhood Development and Preservation Project Refunding Bonds, Issue of 2014 (the "2014 Bonds"), secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a), and/or Section 34177.5(g), all pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law");

WHEREAS, the Successor Agency wishes at this time to approve all matters relating to the issuance and sale of the 2014 Bonds;

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. Provided the Savings Test is met and subject to the provisions of the Indenture referred to in Section 2 hereof, the issuance of the 2014 Bonds in the aggregate principal amount of not to exceed Sixteen Million Dollars (\$16,000,000) on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The 2014 Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Indenture, as the same will be completed as provided in this Resolution. The proceeds of the sale of the 2014 Bonds shall be applied as provided in the Indenture.

The Successor Agency hereby finds and determines that the issuance of the 2014 Bonds will not impair the ability of the Successor Agency to make the transfers required of the Successor Agency pursuant to Health and Safety Code Section 33670.9 in that the issuance of the 2014 Bonds and the refunding and redemption of the 2001 Bonds as contemplated by this Resolution results in a reduction in total annual debt service payments due from the Successor Agency in each year in which the 2014 Bonds will be outstanding. The Successor Agency further finds and determines that its obligation to make the transfers required by Health and Safety Code Section 33670.9 is not secured by a prior express pledge of tax increment revenue

and that the 2014 Bonds will be secured by a first lien pledge of Pledged Tax Revenues (as defined in the Indenture).

The Successor Agency hereby further finds and determines, based on all evidence and testimony contained in the record, that the Successor Agency has made diligent efforts to ensure that the lowest long-term cost financing will be obtained for the 2014 Bonds, that the financing shall not provide for any bullets or spikes and shall not use variable rates, and that the Successor Agency has retained an independent financial advisor (the "Financial Advisor") in developing financing proposals and the Successor Agency shall make the work products of the Financial Advisor available to the California Department of Finance at its request.

Section 2. The Indenture of Trust in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein (the "Indenture"), is hereby approved. The Chair and the Clerk of the Successor Agency, or the Public Finance Manager or Chief Financial Officer of the County of Orange, California, acting in his/her capacity as designee of the Successor Agency to the Orange County Development Agency (each, an "Authorized Officer") are hereby authorized and directed to execute and deliver the Indenture in the form presented at this meeting with such changes insertions and omissions as may be requested by Bond Counsel and approved by an Authorized Officer, (including any such changes to conform the documents to the provisions of AB 1484, including those related to permissible pledges of property tax revenues comprising former tax increment revenues or to respond to purchaser or rating agency requirements), said execution by an Authorized Officer being conclusive evidence of such approval.

Section 3. The Bond Purchase Contract (including the Letter of Representatives appended thereto) between the Successor Agency and Compass Mortgage Corporation, an

Alabama corporation (the "Underwriter"), in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. Any Authorized Officer of the Successor Agency is hereby authorized and directed to execute the Bond Purchase Contract in the form presented at this meeting with such changes, insertions and omissions as may be approved by such Authorized Officer, said execution being conclusive evidence of such approval; provided, however, that the Bond Purchase Contract shall be signed only if the terms of the agreement are such that (i) the existing indebtedness shall not mature later than the final maturity of the 2001 Bonds, except to the extent necessary to achieve substantially level debt service, (ii) the principal amount of the 2014 Bonds will not exceed the amount required to finance the refunding of the 2001 Bonds, including establishing a customary debt service reserve fund and paying related costs of issuance, (iii) the net present value savings amount generated from the issuance of the 2014 Bonds, expressed as a percentage of the aggregate principal amount being refunded at the scheduled interest rate on the Bonds will be at least 3.00%.

Section 6. The 2001 Bonds Escrow Agreement, in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. Any Authorized Officer is hereby authorized and directed to execute and deliver the 2001 Bonds Escrow Agreement in the form presented at this meeting with such changes, insertions and omissions as may be requested by Bond Counsel and approved by the Authorized Officer, said execution being conclusive evidence of such approval.

Section 7. The Chair of the Successor Agency, the Clerk of the Successor Agency, the Authorized Officers and any other proper officer of the Successor Agency, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments relating to the 2014 Bonds and the refunding of the 2001 Bonds and to do and

cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Bond Purchase Contract, the Official Statement, the 2001 Bonds Escrow Agreement, this Resolution and any such agreements.

Section 8. U.S. Bank National Association is hereby appointed as Trustee and Dissemination Agent. Stradling Yocca Carlson & Rauth, a Professional Corporation is hereby appointed as Bond Counsel and Disclosure Counsel.

Section 9. This Resolution shall take effect immediately upon its adoption.

IN WITNESS WHEREOF, this Resolution is adopted and approved the 17th day of June, 2014.

Agreement No. 15-002CD2
Between Applied Best Practices, LLC and the County of Orange
for Continuing Disclosure Services

This Agreement for Continuing Disclosure Services hereinafter referred to as "Agreement" is effective December 1, 2015 by and between the County of Orange, a political subdivision of the State of California, hereinafter referred to as "County" and Applied Best Practices, LLC with a place of business at 19900 MacArthur Blvd., Suite 1100, Irvine, CA 92612 hereinafter referred to as "ABP," which are sometimes individually referred to as "Party," or collectively referred to as "Parties."

RECITALS

WHEREAS, the County requires professional services for continuing disclosure services; and

WHEREAS, ABP is an independent contractor and is willing and able to perform the continuing disclosure services described in Attachment A to the County.

NOW, THEREFORE, the Parties mutually agree as follows:

ARTICLES

1. **Scope of Work:** The Scope of Work for this Agreement is attached hereto as Attachment A.
2. **Compensation:** The Agreement, as specified in Attachment B hereto, includes full compensation for providing all services to be provided under this Agreement.
3. **Invoicing/Payment:** All invoicing and payment for services performed under this Agreement shall be as specified in Attachment B, hereto.
4. **Agreement Term:** The initial term of this Agreement is for three (3) years effective on December 1, 2015, with the option to extend for two additional one-year terms. Notwithstanding the foregoing, either party may terminate this Agreement at any time either in whole or in part upon 30 days' written notice to the other party regarding such termination. 2018
5. **Entire Agreement:** This Agreement, including its Attachments, contains the entire agreement between the Parties with respect to the matters herein and there are no exceptions, alternatives, substitutions, revisions, understandings, agreements, restrictions, promises, warranties or undertakings, whether oral or written, other than those set forth herein or referred to herein.
6. **Amendments:** No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the Parties.
7. **Governing Law and Venue:** This Agreement has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.
8. **Appropriation/Contingency of Funds:** This Agreement is subject to and contingent upon applicable budgetary appropriations being approved by the County of Orange Board of Supervisors for each fiscal year

during the Term of this Agreement. If such appropriations are not approved, this Agreement will be terminated without penalty to the County.

9. **Taxes:** Unless otherwise provided herein or by law, price quoted does not include California state sales or use tax.
10. **Delivery:** Time of delivery of services is of the essence in this Agreement. County reserves the right to refuse any services and to cancel all or any part of the services that do not conform to the prescribed Scope of Work.
11. **Independent Contractor:** ABP shall be considered an independent contractor and neither ABP, its employees, nor anyone working under ABP shall be considered an agent or an employee of County. Neither ABP, its employees nor anyone working under ABP, shall qualify for workers' compensation or other fringe benefits of any kind through County.
12. **Assignment or Sub-contracting:** The terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators and assigns of the Parties. Furthermore, neither the performance of this Agreement nor any portion thereof may be assigned or sub-contracted by ABP without the express written consent of County. Any attempt by ABP to assign or sub-contract the performance or any portion thereof of this Agreement without the express written consent of County shall be invalid and shall constitute a breach of this Agreement.
13. **Non-Discrimination:** In the performance of this Agreement, ABP agrees that it will comply with the requirements of Section 1735 of the California Labor Code and not engage nor permit any sub-contractors to engage in discrimination in employment of persons because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, or sex of such persons. ABP acknowledges that a violation of this provision shall subject ABP to all the penalties imposed for a violation of anti-discrimination laws or regulations including but not limited to Section 1720 *et seq.*, of the California Labor Code.
14. **Performance:** ABP shall perform all work under this Agreement, taking necessary steps and precautions to perform the work to County's satisfaction. ABP shall be responsible for the professional quality, technical assurance, timely completion and coordination of all documentation and other services performed by ABP under this Agreement. ABP shall perform all work diligently, carefully, and in a good and workman-like manner; shall furnish all labor, supervision, machinery, equipment, materials, and supplies necessary therefore; shall at its sole expense obtain and maintain all permits and licenses required by public authorities, including those of County required in its governmental capacity, in connection with performance of the services; and, if permitted to sub-contract, shall be fully responsible for all work performed by sub-contractors.
15. **Errors and Omissions:** All reports, files and other documents prepared and submitted by ABP shall be complete and shall be carefully checked by the professional(s) identified by ABP as Project Manager and key personnel, prior to submission to the County. ABP agrees that County review is discretionary and ABP shall not assume that the County will discover errors and/or omissions. If the County discovers any errors or omissions prior to approving ABP's reports, files and other written documents, the reports, files or documents will be returned to ABP for correction. Should the County or others discover errors or omissions in the reports, files or other written documents submitted by ABP after County approval thereof, County approval of ABP's reports, files or documents shall not be used as a defense by ABP in any action between the County and ABP, and the reports, files or documents will be returned to ABP for correction at no charge to County.
16. **Warranty:** ABP expressly warrants that the services covered by this Agreement are: 1) free of liens or encumbrances, 2) merchantable and good for the ordinary purposes for which they are used, and 3) fit for the particular purpose for which they are intended. Acceptance of this Agreement shall constitute an agreement upon ABP's part to indemnify, defend and hold County and its indemnities, as identified in paragraph 19 below and as more fully described in paragraph 19, harmless from liability, loss, damage and expense, including reasonable counsel fees, incurred or sustained by County by reason of the failure of the services to conform to such warranties, faulty work performance, negligent or unlawful acts, and non-compliance with any applicable state or federal codes, regulations, ordinances, orders, or statutes, including the Occupational Safety and Health

Act (OSHA) and the California Industrial Safety Act. Such remedies shall be in addition to any other remedies provided by law.

- 17. Patent/Copyright Materials/Proprietary Infringement:** Unless otherwise expressly provided in this Agreement, ABP shall be solely responsible for clearing the right to use any patented or copyrighted materials in the performance of this Agreement. ABP warrants that any software as modified through services provided hereunder will not infringe upon or violate any patent, proprietary right or trade secret right of any third party. ABP agrees that, in accordance with the more specific requirement contained in paragraph 19 below, it shall indemnify, defend and hold County and County Indemnitees harmless from any and all such claims and be responsible for payment of all costs, damages, penalties and expenses related to or arising from such claim(s), including, but not limited to, attorney's fees, costs and expenses.
- 18. Compliance with Laws:** ABP represents and warrants that services to be provided under this Agreement shall fully comply, at ABP's expense, with all standards, laws, statutes, restrictions, ordinances, requirements, and regulations (collectively "laws"), including, but not limited to those issued by County in its governmental capacity and all other laws applicable to the services at the time services are provided to and accepted by County. ABP acknowledges that County is relying on ABP to ensure such compliance, and pursuant to the requirements of paragraph 19 below, ABP agrees that it shall defend, indemnify and hold County and County Indemnitees harmless from all liability, damages, costs and expenses arising from or related to a violation of such laws.
- 19. Indemnification:** ABP agrees to indemnify, defend with counsel approved in writing by County, and hold County, its elected and appointed officials, officers, employees, agents and those special districts and agencies which County's Board of Supervisors acts as the governing Board ("County Indemnitees") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by ABP pursuant to this Agreement. If judgment is entered against ABP and County by a court of competent jurisdiction because of the concurrent active negligence of County or County Indemnitees, ABP and County agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.
- 20. Insurance:** Prior to the provision of services under this Agreement, ABP agrees to purchase all required insurance at ABP's expense, including all endorsements required herein, necessary to satisfy the County that the insurance provisions of this Agreement have been complied with. ABP agrees to keep such insurance coverage, Certificates of Insurance, and endorsements on deposit with the County during the entire term of this Agreement. In addition, all sub-contractors performing work on behalf of ABP pursuant to this Agreement shall obtain insurance subject to the same terms and conditions as set forth herein for ABP.

All self-insured retentions (SIRs) and deductibles shall be clearly stated on the Certificate of Insurance. If no SIRs or deductibles apply, indicate this on the Certificate of Insurance with a zero (0) by the appropriate line of coverage. Any self-insured retention (SIR) or deductible in an amount in excess of \$25,000 (\$5,000 for automobile liability), shall specifically be approved by the County Executive Office (CEO)/Office of Risk Management upon review of ABP's current audited financial report.

If ABP fails to maintain insurance acceptable to the County for the full term of this Agreement, the County may terminate this Agreement.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category) as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**). It is preferred, but not mandatory, that the insurer be licensed to do business in the state of California (California Admitted Carrier).

If the insurance carrier does not have an A.M. Best Rating of A-/VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by ABP shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability	\$1,000,000 limit per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles	\$1,000,000 combined single limit per occurrence
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per occurrence
Professional Liability	\$1,000,000 per claims made \$1,000,000 aggregate

Required Coverage Forms

The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 0012, CA 00 20, or a substitute form providing coverage at least as broad.

Required Endorsements

The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of insurance:

- 1) An Additional Insured endorsement using ISO form CG 2010 or CG 2033 or a form at least as broad naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.
- 2) A primary non-contributing endorsement evidencing that ABP's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

All insurance policies required by this Agreement shall waive all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees.

ABP shall notify County in writing within thirty (30) days of any policy cancellation and ten (10) days for non-payment of premium and provide a copy of the cancellation notice to County. Failure to provide written notice of cancellation may constitute a material breach of the Agreement, upon which the County may suspend or terminate this Agreement.

If ABP's Professional Liability is a "Claims Made" policy, ABP shall agree to maintain Professional Liability coverage for two years following completion of Agreement.

The Commercial General Liability policy shall contain a severability of interests clause also known as a "separation of insureds" clause (standard in the ISO CG 0001 policy).

Insurance certificates should be forwarded to the agency/department address listed on the solicitation.

If ABP fails to provide the insurance certificates and endorsements within seven days of notification by CEO/Purchasing or the agency/department purchasing division, award may be made to the next qualified vendor.

County expressly retains the right to require ABP to increase or decrease insurance of any of the above insurance types throughout the term of this Agreement. Any increase or decrease in insurance will be as deemed by County of Orange Risk Manager as appropriate to adequately protect County.

County shall notify ABP in writing of changes in the insurance requirements. If ABP does not deposit copies of acceptable Certificates of Insurance and endorsements with County incorporating such changes within thirty days of receipt of such notice, this Agreement may be in breach without further notice to ABP, and County shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit ABP's liability hereunder nor to fulfill the indemnification provisions and requirements of this Agreement, nor act in any way to reduce the policy coverage and limits available from the insurer.

- 21. Confidentiality:** ABP agrees to maintain the confidentiality of all County and County-related records and information pursuant to all statutory laws relating to privacy and confidentiality that currently exist or exist at any time during the term of this Agreement. All such records and information shall be considered confidential and kept confidential by ABP and ABP's staff, agents and employees.
- 22. ABP Personnel:** ABP warrants that all ABP personnel engaged in the performance of work under this Agreement shall possess sufficient experience and/or education and the required licenses set forth herein in good standing to perform the services requested by the County. It is understood that Joshua Lentz shall be the primary personnel responsible for performing the services described herein. Other ABP personnel that will also be involved include Dan Wiles and Tom Johnsen. County expressly retains the right to have any of ABP's personnel removed from performing services under this Agreement to the County. ABP shall effectuate the removal of the specified ABP personnel from providing any services to the County under this Agreement within one business day of notification by County. County shall submit the request in writing to ABP's Project Manager. The County is not required to provide any reason, rationale or additional factual information if it elects to request any specific ABP personnel be removed from performing services under this Agreement.
- 23. County Contract Administrator and ABP Project Manager:** For the purpose of this Agreement, the County Public Finance Director or designee shall act as the Contract Administrator. The Contract Administrator will act as liaison between the County and ABP's Project Manager during the term of the Agreement. The Contract Administrator, or his designee, will provide overall coordination and guidance of the services to be performed herein and will address policy issues as necessary and appropriate.

ABP shall appoint a project manager to direct ABP's efforts in fulfilling ABP's obligations under this Agreement ("ABP's Project Manager"). ABP's Project Manager shall be subject to approval by the County and shall not be changed without the written consent of the Contract Administrator, which consent shall not be unreasonably withheld. The Contract Administrator shall have the right to require the removal and replacement of ABP's Project Manager from providing services to the County under this Agreement. The Contract Administrator shall notify ABP in writing of such action. ABP shall accomplish the removal within 14 calendar day after written notice by the Contract Administrator. The Contract Administrator shall review and approve the appointment of the replacement for ABP's Project Manager. Said approval shall not be unreasonably withheld.
- 24. Reports/Meetings:** ABP shall develop reports and any other relevant documents necessary to complete the services and requirements as set forth in this Agreement. The Contract Administrator and ABP's Project Manager will meet on reasonable notice to discuss ABP's performance and progress under this Agreement. If

requested, ABP's Project Manager and other project personnel shall attend all meetings. ABP shall provide such information that is requested by the County for the purpose of monitoring progress under this Agreement.

- 25. Ownership of Documents:** The County has permanent ownership of all directly connected and derivative materials produced under this Agreement by ABP. All documents, reports and other incidental or derivative work or materials furnished hereunder shall become and remain the sole properties of the County and may be used by the County as it may require without additional cost to the County. None of the documents, reports and other incidental or derivative work or furnished materials shall be used by ABP without the express written consent of the County.
- 26. Title to Data:** All materials, documents, data or information obtained from the County data files or any County medium furnished to ABP in the performance of this Agreement will at all times remain the property of the County. Such data or information may not be used or copied for direct or indirect use by ABP after completion or termination of this Agreement without the express written consent of the County. All materials, documents, data or information, including copies, must be returned to the County at the end of this Agreement.
- 27. Records:** ABP shall keep an accurate record of time expended by ABP and the sub-contractors working for ABP in the performance of this Agreement. Such record shall be available for periodic inspection by the County at reasonable times.
- 28. Audits/Inspections:** ABP agrees to permit the County's Auditor-Controller or the Auditor-Controller's authorized representative (including auditors from a private auditing firm hired by the County) access during normal working hours to all books, accounts, records, reports, files, financial records, supporting documentation, including payroll and accounts payable/receivable records, and other papers or property of ABP for the purpose of auditing or inspecting any aspect of performance under this Agreement. The inspection and/or audit will be confined to those matters connected with the performance of the Agreement including, but not limited to, the costs of administering the Agreement. The County will provide reasonable notice of such an audit or inspection.

The County reserves the right to audit and verify ABP's records before final payment is made.

ABP agrees to maintain such records for possible audit for a minimum of three years after final payment, unless a longer period of records retention is stipulated under this Agreement or by law. ABP agrees to allow interviews of any employees or others who might reasonably have information related to such records. Further, ABP agrees to include a similar right to the County to audit records and interview staff of any sub-contractor related to performance of this Agreement.

Should ABP cease to exist as a legal entity, ABP's records pertaining to this Agreement shall be forwarded to the surviving entity in a merger or acquisition or, in the event of liquidation, to the Contract Administrator.

- 29. Publication:** No copies of schedules, written documents, and computer based data, photographs, maps or graphs, resulting from performance or prepared in connection with this Agreement, are to be released by ABP and/or anyone acting under the supervision of ABP to any person, partnership, company, corporation, or agency, without prior written approval by the County, except as necessary for the performance of the services of this Agreement. All press releases, including graphic display information to be published in newspapers, magazines, etc., are to be administered only by the County unless otherwise agreed to by both Parties.
- 30. Conflict of Interest:** ABP shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with the best interests of the County. This obligation shall apply to ABP; ABP's employees, agents, and relatives; sub-tier ABP's and third parties associated with accomplishing services hereunder. ABP's efforts shall include, but not be limited to establishing precautions to prevent its employees or agents from making, receiving, providing or offering gifts, entertainment, payments, loans or other considerations which could be deemed to appear to influence individuals to act contrary to the best interests of the County. The County Board of Supervisors policy prohibits its employees from engaging in activities involving a conflict of interest. ABP shall not, during the period of this Agreement, employ any County employee for any purpose.

- 31. Termination:** In addition to any other remedies or rights it may have by law, County has the right to terminate this Agreement without penalty immediately with cause or after 30 days' written notice without cause, unless otherwise specified. Cause shall be defined as any breach of this Agreement, any misrepresentation or fraud on the part of ABP. Exercise by County of its right to terminate the Agreement shall relieve County of all further obligations.
- 32. Breach of Contract:** The failure of ABP to comply with any of the provisions, covenants or conditions of this Agreement shall constitute a material breach of this Agreement. In such event the County may, and in addition to any other remedies available at law, in equity, or otherwise specified in this Agreement:
- a. Afford ABP written notice of the breach and ten (10) calendar days or such shorter time that may be specified in this Agreement within which to cure the breach;
 - b. Discontinue payment to ABP for and during the period in which ABP is in breach; and
 - c. Offset against any monies billed by ABP but yet unpaid by the County those monies disallowed pursuant to the above.
- 33. Disputes:** The Parties shall deal in good faith and attempt to resolve potential disputes informally. If a dispute concerning a question of fact arising under the terms of this Agreement is not disposed of in a reasonable period of time by ABP's Project Manager and the County's Contract Administrator, such matter shall be brought to the attention of the Purchasing Agent by way of the following process:
- a. ABP shall submit to the Purchasing Agent a written demand for a final decision regarding the disposition of any dispute between the Parties arising under, related to, or involving this Agreement, unless the County, on its own initiative, has already rendered such a final decision.
 - b. ABP's written demand shall be fully supported by factual information, and, if such demand involves a cost adjustment to this Agreement, ABP shall include with the demand a written statement signed by a senior official indicating that the demand is made in good faith, that the supporting data are accurate and complete, and that the amount requested accurately reflects the amount for which ABP believes the County is liable.
 - c. Pending the final resolution of any dispute arising under, related to, or involving this Agreement, ABP agrees to diligently proceed with the performance of his Agreement, including the provision of services. ABP's failure to diligently proceed shall be considered a material breach of this Agreement. Any final decision of the County shall be expressly identified as such, shall be in writing, and shall be signed by the County's Purchasing Agent or his designee. If the County fails to render a decision within 90 days after receipt of ABP's demand, it shall be deemed a final decision adverse to ABP's contentions. The County's final decision shall be conclusive and binding regarding the dispute unless ABP commences action in a court of competent jurisdiction to contest such decision within 90 days following the date of the County's final decision or one year following the accrual of the cause of action, whichever is later.
- 34. Orderly Termination:** Upon termination or other expiration of this Agreement, each Party shall promptly return to the other Party all papers, materials, and other properties of the other held by each for purposes of execution of the Agreement. In addition, each Party will assist the other Party in orderly termination of this Agreement and the transfer of all aspects, tangible and intangible, as may be necessary for the orderly, non-disruptive business continuation of each Party.
- 35. Force Majeure:** ABP shall not be assessed with liquidated damages or unsatisfactory performance penalties during any delay beyond the time named for the performance of this Agreement caused by any act of God, war, civil disorder, employment strike or other cause beyond its reasonable control, provided ABP gives written notice of the cause of the delay to County within 36 hours of the start of the delay and ABP avails himself of any available remedies.
- 36. Consent to Breach Not Waiver:** No term or provision of this Agreement shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the Party claimed to have

waived or consented. Any consent by any Party to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.

37. Remedies Not Exclusive: The remedies for breach set forth in this Agreement are cumulative as to one another and as to any other provided by law, rather than exclusive; and the expression of certain remedies in this Agreement does not preclude resort by either Party to any other remedies provided by law.

38. Notices: Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given herein shall be in writing, except through the course of the County's Contract Administrator and ABP's Project Manager routine exchange of information and cooperation during the terms of the work and services. Any written communications shall be deemed to have been duly given upon actual in-person delivery, if delivery is by direct hand or upon delivery on the actual day of receipt or no greater than four calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be addressed to the appropriate Party at the address stated herein or such other address as the Parties hereto may designate by written notice from time to time in the manner aforesaid.

County:	County Executive Office/Public Finance Division Attn: Public Finance Director 333 W. Santa Ana Blvd., 3 rd Floor Santa Ana, CA 92701
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ABP:	Applied Best Practices 19900 MacArthur Blvd, Suite 1100 Irvine, CA 92612
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39. County Child Support Enforcement: ABP is required to comply with the child support enforcement requirements of the County. Failure of ABP to comply with all federal, state, and local reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of the Agreement. Failure to cure such breach within 60 calendar days of notice from the County shall constitute grounds for termination of this Agreement.

40. Change Of Ownership: ABP agrees that if there is a change or transfer in ownership of ABP's business prior to completion of this Agreement, the new owners shall be required under terms of sale or other transfer to assume ABP's duties and obligations contained in this Agreement and complete them to the satisfaction of County.

41. Precedence: The documents herein consist of this Agreement and its Attachments. In the event of a conflict between or among the Agreement documents, the order of precedence shall be the provisions of the main body of this Agreement, i.e., those provisions set forth in the articles of this Agreement, and then the Attachments.

42. Headings: The various headings and numbers herein, the grouping of provisions of this Agreement into separate clauses and paragraphs, and the organization hereof are for the purpose of convenience only and shall not limit or otherwise affect the meaning hereof.

43. Severability: If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

44. Calendar Days: Any reference to the word "day" or "days" herein shall mean calendar day or calendar days, respectively, unless otherwise expressly provided.

45. Attorney Fees: In any action or proceeding to enforce or interpret any provision of this Agreement, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs and expenses.

- 46. Interpretation:** This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Agreement. In addition, each Party has been represented by experienced and knowledgeable independent legal counsel of their own choosing, or has knowingly declined to seek such counsel despite being encouraged and given the opportunity to do so. Each Party further acknowledges that they have not been influenced to any extent whatsoever in executing this Agreement by any other Party hereto or by any person representing them, or both. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the purpose of the Parties and this Agreement.
- 47. Authority:** The Parties to this Agreement represent and warrant that this Agreement has been duly authorized and executed and constitutes the legally binding obligation of their respective organization or entity, enforceable in accordance with its terms.
- 48. Survival:** Notwithstanding any provision to the contrary herein, the provisions of paragraphs 15, 16, 17, 18, 19, and 20 shall survive the termination of this Agreement.
- 49. Employee Eligibility Verification:** ABP warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Agreement meet the citizenship or alien status requirement set forth in Federal statutes and regulations. ABP shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal or State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. ABP shall retain all such documentation for all covered employees for the period prescribed by the law. ABP shall indemnify, defend with counsel approved in writing by County, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against ABP or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Agreement.
- 50. Bills and Liens:** ABP shall pay promptly all indebtedness for labor, materials, and equipment used in performance of the work. ABP shall not permit any lien or charge to attach to the work or the premises, but if any does so attach, ABP shall promptly procure its release and, in accordance with the requirements of paragraph 19 above, indemnify, defend, and hold County harmless and be responsible for payment of all costs, damages, penalties and expenses related to or arising from or related thereto.
- 51. Changes in Service:** ABP shall make no changes in the work or perform any additional work without the County's specific written approval.
- 52. Terms and Conditions:** ABP acknowledges that it has read and agrees to all terms and conditions included in this Agreement.
- 53. Incorporation:** This Agreement and its Attachments A and B attached hereto and incorporated by reference and made a part of this Agreement.
- 54. New General Fund Obligations and Tax Allocation Bonds Included:** Notwithstanding any provisions to the contrary herein, the services to be performed by ABP shall apply equally to any new bonds issued subsequent to the effective date of this Agreement.
- 55. Compliance with Gift and Political Contribution Ban:** By executing this Agreement, ABP covenants to the County that it has complied in all respects with the "Ban on Political Contributions and Gifts" provisions of Article V of the County of Orange, Board of Supervisors, Policies and Procedures for Consideration and Approval of Proposed Public Financings.


- 56. Changes in Staff:** The Contract Administrator has the reasonable right to approve or disapprove any proposed changes in ABP's staff from the individuals named in this Agreement. The Contract Administrator shall be provided with a resume of any proposed substitute and shall be given the opportunity to interview that person prior to his or her decision to approve or disapprove.
- 57. ABP Name Change:** ABP shall provide written notice to the Contract Administrator at least 30 days prior to any changes to ABP's current legal name, if practicable, but in any event, not later than the date of any such change. The Contract Administrator shall be provided with all pertinent information relating thereto which is requested.

AGREEMENT SIGNATURE PAGE

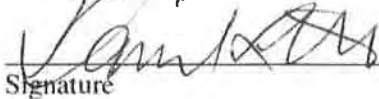
The Parties hereto have executed this Agreement on the dates shown opposite their respective signatures below.

Applied Best Practices, LLC*

Joshua J. Lentz
Print Name Vice President
Title


Signature December 11, 2015
Date

Daniel L. Wiles
Print Name General Counsel
Title


Signature December 11, 2015
Date

*** If the Contractor is a corporation, signatures of two specific corporate officers are required as further set forth.**


The first corporate officer signature must be one of the following: 1) the Chairman of the Board; 2) the President; 3) any Vice President.

The second corporate officer signature must be one of the following: a) Secretary; b) Assistant Secretary; c) Chief Financial Officer; d) Assistant Treasurer.

In the alternative, a single corporate signature is acceptable when accompanied by a corporate resolution demonstrating the legal authority of the signature to bind the company.

County of Orange, a political subdivision of the State of California

Susana Ortiz
Print Name Administrative Manager
Title


Signature 12/11/2015
Date

ATTACHMENT A

SCOPE OF WORK

TASK I. CONTINUING DISCLOSURE SERVICES

- A. ABP will obtain copies of Audited Financial Statements and other data as stated in the Continuing Disclosure Certificate ("Certificate") for all outstanding County municipal debt (excluding Community Facilities Districts and Assessment Districts) including any future issuances that require ongoing disclosure from the County for filing the Annual or Semi-Annual Report ("Report"). Following is a listing of the outstanding County municipal debt:
 - i. 1996A & 1997A Pension Obligation Bonds
 - ii. OCPFA Lease Revenue Refunding Bonds, Series 2005
 - iii. OCPFA Lease Revenue Bonds (Co-Gen), Series 2006
 - iv. Teeter Plan Obligation Notes, Series B, 2013
 - v. SOCPFA Juvenile Justice Center Revenue Refunding, Series 2012
 - vi. Successor Agency to OCDA (Santa Ana Heights) Tax Allocation Bonds, 2014
 - vii. Successor Agency to OCDA (NDAPP) Tax Allocation Bonds, 2014
- B. ABP will prepare the Reports in the format acceptable to the County and include the requirements of the Certificate, submit to the County for review and approval five (5) business days before deadline, and disseminate filings with the Municipal Securities Rulemaking Board's (MSRB) through the Electronic Municipal Market Access (EMMA) website of the MSRB or any successor repository to meet the filing deadline as defined in the Certificate.
- C. ABP will disseminate Audited Financial Statements with each individual Report as required by the Certificate.
- D. ABP will obtain confirmation of filing with EMMA for the Reports and the Audited Financial Statements.
- E. ABP will provide copies of the completed Reports and confirmation of filings with EMMA to the County Executive Office, Public Finance Division.
- F. ABP will be notified by County to prepare significant/material event notices and/or other required notices, disseminate each notice with EMMA upon review and authorization from County and provide copies to County.

TASK II. ORGANIZE COUNTY'S POSTINGS WITH EMMA

- A. ABP will ensure all prior and current Reports filed are linked appropriately to the respective CUSIPs with EMMA.
- B. ABP will assist County and make recommendations, if any, on EMMA filings.
- C. ABP will implement any recommendations, if any, with EMMA upon County approval.

TASK III. CREDIT RATING SERVICES

- A. ABP will monitor the market on a weekly basis for rating changes pertaining to all outstanding municipal debt and the County's issuer rating and provide a rating summary the following week. ABP will notify the County immediately in writing of the rating changes.
- B. Upon receipt by the County of such rating change, the County shall contact ABP and give them

authorization to assemble a significant/material event notice pertaining to the rating change.

- C. ABP shall prepare and assemble the significant/material event notice into a final form and obtain approval from County prior to submission with EMMA.
- D. ABP shall submit in electronic format and confirm submission of the reporting of significant/material event notices in EMMA and provide copies to County.

TASK IV. SPECIAL SERVICES

- A. From time to time, County may request ABP to engage in Special Services. Special Services are defined as services in addition to those delineated in TASK I – III in the Scope of Work. All Special Services shall be requested in writing by the Contract Administrator. Special Services include, but are not limited to, the following:
 - 1. Attend meetings
 - 2. Prepare training materials
 - 3. Prepare additional reports

ATTACHMENT B

COMPENSATION/PAYMENT

1. **Compensation:** This is an Agreement between the County and ABP for continuing disclosure services as provided in the Scope of Work, Attachment A. ABP agrees to accept the specified compensation as set forth in this Agreement as full remuneration for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by ABP of all its duties and obligations hereunder. The County shall have no obligation to pay any sum in excess of total Agreement amount specified below unless authorized by amendment.
2. **Payment Schedule:** County shall pay ABP for each type of service in accordance to the fee and hourly rates as set forth below. In no event shall compensation under this Agreement exceed \$150,000 for a 3 year term or \$250,000 for a 5 year term.

Type of Service	Year 1	Year 2	Year 3	* Year 4 if renewed	* Year 5 if renewed
▪ Continuing Disclosure Services – per Report – Task I.A. – I.E.	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
▪ Continuing Disclosure Services – per Significant/Material Event Notice – Task I.F.	\$150	\$150	\$150	\$150	\$150
▪ Organize County’s Postings – per Hour – Task II	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate
▪ Credit Rating Services – per Hour – Task III.A	Hourly not to Exceed \$1,000 per month	Hourly not to Exceed \$1,000 per month	Hourly not to Exceed \$1,000 per month	Hourly not to Exceed \$1,000 per month	Hourly not to Exceed \$1,000 per month
▪ Credit Rating Services – per Significant/Material Event Notice – Task III.B – III.D.	\$150	\$150	\$150	\$150	\$150
▪ Special Services – per Hour – Task IV	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate

Hourly Rates

Title	Hourly Rate
Principals	\$ 290
Senior Vice Presidents	\$ 275
Vice Presidents	\$ 225
Assistant Vice Presidents	\$ 195
Senior Associates	\$ 150
Associates	\$ 125
Analysts	\$ 85
Administrative Assistants	\$ 65
Clericals	\$ 35

3. **Firm Discount and Pricing Structure:** ABP guarantees that prices quoted are equal to or less than prices quoted to any other local, State or Federal government entity for services of equal or lesser scope. ABP agrees that no price increases shall be passed along to the County during the term of this Agreement not otherwise specified and provided for within this Agreement.
4. **ABP's Expense:** ABP will be responsible for all costs related to photo copying, telephone communications, fax communications, and parking while on County sites during the performance of work and services under this Agreement. The County will not provide free parking for any service in the County Civic Center.
5. **Payment Term:** Invoices are to be submitted within 30 days from the date ABP completes deliverables as defined in the Scope of Work, Attachment A. ABP shall reference Agreement number and bond issue on the invoice. Payment will be net 30 days after receipt, and approval, by County of an invoice in a format acceptable to the County and verified and approved by the agency/department and subject to routine processing requirements.

Invoices shall cover services not previously invoiced. ABP shall reimburse the County for any monies paid to ABP for services not provided or when services do not meet the Agreement requirements.

Payments made by the County shall not preclude the right of the County from thereafter disputing any items or services involved or billed under this Agreement and shall not be construed as acceptance of any part of the services.

ABP shall invoice the County monthly for services provided under Task IV of the Scope of Work, Attachment A based on the hourly rates provided in Section 2 – Payment Schedule, above. Special Services shall be paid if specifically authorized in writing by the Contract Administrator. ABP's invoices for Special Services shall include the name(s) of ABP's personnel performing the Special Services, classification, number of hours worked, and hourly rate. Invoices shall be supported with such other documentation as the Contract Administrator may deem necessary.

6. **Payment – Invoicing Instructions:** ABP will provide an invoice on ABP's letterhead for services rendered. Each invoice shall be reviewed by County staff prior to payment to ensure that the billing is consistent with the compensation provisions of this Agreement. Each invoice will have a number and will include the following information:

1. ABP's name and address
2. ABP's remittance address, if different from above
3. Delivery/service address
4. ABP agreement number (15-002CD2)
5. Type of fees/service
6. Specify the specific bond issue
7. Sales tax, if applicable
8. Dates of fees/service
9. Brief description of fees/service
10. ABP's Federal I.D. Number

The responsibility for providing an acceptable invoice to the County for payment rests with ABP. Incomplete or incorrect invoices are not acceptable and will be returned to ABP for correction.

Invoices and support documentation are to be forwarded to:

County of Orange
County Executive Office
333 W. Santa Ana Blvd., 3rd Floor
Santa Ana, CA 92701
Attn: Public Finance Accounting

new contract

CONTRACT NO. 017-18003BC

FOR

GENERAL PUBLIC FINANCE LEGAL SERVICES

BETWEEN

CEO/PUBLIC FINANCE DIVISION

AND

STRADLING YOCCA CARLSON & RAUTH



CONTRACT 017-18003BC
with
Stradling Yocca Carlson & Rauth
for
General Public Finance Legal Services

This Contract for general public finance legal services hereinafter referred to as ("Contract") is made and entered into as of the date fully executed by and between the County of Orange, a political subdivision of the State of California, hereinafter referred to as "County" and Stradling Yocca Carlson & Rauth, a Professional Corporation, with a place of business at 660 Newport Center Drive, Suite 1600, Newport Beach, CA 92660, hereinafter referred to as "Contractor" or "Stradling", which are sometimes individually referred to as "Party," or collectively referred to as "Parties."

ATTACHMENTS

This Contract is comprised of this documents and the following Attachments, which are attached hereto and incorporated by reference into this Contract:

Attachment A – Scope of Work
Attachment B – Payment/Compensation
Attachment C – Staffing Plan

RECITALS

WHEREAS, Contractor and County are entering into this Contract for general public finance legal services under a firm fixed fee Contract; and

WHEREAS, County solicited Contract for general public finance legal services as set forth herein, and Contractor represented that it is qualified to general public finance legal services to the County as further set forth here; and

WHEREAS, Contractor agrees to provide general public finance legal services to the County as further set forth in the Scope of Work, attached hereto as Attachment A; and

WHEREAS, County agrees to pay Contractor based on the schedule of fees set forth in Payment/Compensation, attached hereto as Attachment B; and

NOW, THEREFORE, the Parties mutually agree as follows:

DEFINITIONS

DPA shall mean the Deputy Purchasing Agent assigned to this Contract.

ARTICLES

General Terms and Conditions:

- A. **Governing Law and Venue:** This Contract has been negotiated and executed in the state of California and shall be governed by and construed under the laws of the state of California. In the event of any legal action to enforce or interpret this Contract, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the

parties specifically agree to waive any and all rights to request that an action be transferred for adjudication to another county.

- B. **Entire Contract:** This Contract contains the entire Contract between the parties with respect to the matters herein, and there are no restrictions, promises, warranties or undertakings other than those set forth herein or referred to herein. No exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing. Electronic acceptance of any additional terms, conditions or supplemental Contracts by any County employee or agent, including but not limited to installers of software, shall not be valid or binding on County unless accepted in writing by County's Purchasing Agent or designee.
- C. **Amendments:** No alteration or variation of the terms of this Contract shall be valid unless made in writing and signed by the parties; no oral understanding or agreement not incorporated herein shall be binding on either of the parties; and no exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing.
- D. **Taxes:** Unless otherwise provided herein or by law, price quoted does not include California state sales or use tax. Out-of-state Contractors shall indicate California Board of Equalization permit number and sales permit number on invoices, if California sales tax is added and collectable. If no permit numbers are shown, sales tax will be deducted from payment. The Auditor-Controller will then pay use tax directly to the State of California in lieu of payment of sales tax to the Contractor.
- E. **Delivery:** Time of delivery of goods or services is of the essence in this Contract. County reserves the right to refuse any goods or services and to cancel all or any part of the goods not conforming to applicable specifications, drawings, samples or descriptions or services that do not conform to the prescribed statement of work. Acceptance of any part of the order for goods shall not bind County to accept future shipments nor deprive it of the right to return goods already accepted at Contractor's expense. Over shipments and under shipments of goods shall be only as agreed to in writing by County. Delivery shall not be deemed to be complete until all goods or services have actually been received and accepted in writing by County.
- F. **Acceptance Payment:** Unless otherwise agreed to in writing by County, 1) acceptance shall not be deemed complete unless in writing and until all the goods/services have actually been received, inspected, and tested to the satisfaction of County, and 2) payment shall be made in arrears after satisfactory acceptance.
- G. **Warranty:** Contractor expressly warrants that the goods covered by this Contract are 1) free of liens or encumbrances, 2) merchantable and good for the ordinary purposes for which they are used, and 3) fit for the particular purpose for which they are intended. Acceptance of this order shall constitute an agreement upon Contractor's part to indemnify, defend and hold County and its indemnities as identified in paragraph "Z" below, and as more fully described in paragraph "Z," harmless from liability, loss, damage and expense, including reasonable counsel fees, incurred or sustained by County by reason of the failure of the goods/services to conform to such warranties, faulty work performance, negligent or unlawful acts, and non-compliance with any applicable state or federal codes, ordinances, orders, or statutes, including the Occupational Safety and Health Act (OSHA) and the California Industrial Safety Act. Such remedies shall be in addition to any other remedies provided by law.
- H. **Intentionally left blank.**
- I. **Assignment:** The terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators and assigns of the parties. Furthermore, neither the performance of this Contract nor any portion thereof may be assigned by Contractor without the express written consent of County. Any attempt by Contractor to assign the performance or any portion thereof of this Contract without the express written consent of County shall be invalid and shall constitute a breach of this Contract.

- J. **Non-Discrimination:** In the performance of this Contract, Contractor agrees that it will comply with the requirements of Section 1735 of the California Labor Code and not engage nor permit any subcontractors to engage in discrimination in employment of persons because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, or sex of such persons. Contractor acknowledges that a violation of this provision shall subject Contractor to penalties pursuant to Section 1741 of the California Labor Code.
- K. **Termination:** In addition to any other remedies or rights it may have by law, County has the right to immediately terminate this Contract without penalty for cause or after 30 days' written notice without cause, unless otherwise specified. Cause shall be defined as any material breach of contract, any misrepresentation or fraud on the part of the Contractor. Exercise by County of its right to terminate the Contract shall relieve County of all further obligation.
- L. **Consent to Breach Not Waiver:** No term or provision of this Contract shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.
- M. **Independent Contractor:** Contractor shall be considered an independent contractor and neither Contractor, its employees, nor anyone working under Contractor shall be considered an agent or an employee of County. Neither Contractor, its employees nor anyone working under Contractor shall qualify for workers' compensation or other fringe benefits of any kind through County.
- N. **Performance Warranty:** Contractor shall warrant all work under this Contract, taking necessary steps and precautions to perform the work to County's satisfaction. Contractor shall be responsible for the professional quality, technical assurance, timely completion and coordination of all documentation and other goods/services furnished by the Contractor under this Contract. Contractor shall perform all work diligently, carefully, and in a good and workmanlike manner; shall furnish all necessary labor, supervision, machinery, equipment, materials, and supplies, shall at its sole expense obtain and maintain all permits and licenses required by public authorities, including those of County required in its governmental capacity, in connection with performance of the work. If permitted to subcontract, Contractor shall be fully responsible for all work performed by subcontractors.
- O. **Insurance Requirements:** Prior to the provision of services under this Contract, the Contractor agrees to purchase all required insurance at Contractor's expense, including all endorsements required herein, necessary to satisfy the County that the insurance provisions of this Contract have been complied with. Contractor agrees to keep such insurance coverage, Certificates of Insurance, and endorsements on deposit with the County during the entire term of this Contract. In addition, all subcontractors performing work on behalf of Contractor pursuant to this Contract shall obtain insurance subject to the same terms and conditions as set forth herein for Contractor.

Contractor shall ensure that all subcontractors performing work on behalf of Contractor pursuant to this Contract shall be covered under Contractor's insurance as an Additional Insured or maintain insurance subject to the same terms and conditions as set forth herein for Contractor. Contractor shall not allow subcontractors to work if subcontractors have less than the level of coverage required by County from Contractor under this Contract. It is the obligation of Contractor to provide notice of the insurance requirements to every subcontractor and to receive proof of insurance prior to allowing any subcontractor to begin work. Such proof of insurance must be maintained by Contractor through the entirety of this Contract for inspection by County representative(s) at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in an amount in excess of Fifty Thousand Dollars (\$50,000) shall specifically be approved

by the County's Risk Manager, or designee, upon review of Contractor's current audited financial report. If Contractor's SIR is approved, Contractor, in addition to, and without limitation of, any other indemnity provision(s) in this Contract, agrees that the provisions of California Civil Code Section 2860 shall apply to any and all actions to which the duty to defend stated below applies, and the Contractor's SIR provision shall be interpreted as though the Contractor was an insurer and the County was the insured. If Contractor's SIR is approved, except for claims related to the rendering of professional services which shall be governed by Paragraph Z below, Contractor, in addition to, and without limitation of, any other indemnity provision(s) in this Contract, agrees to defend the County for any claim related to an act or omission by Contractor and agrees such duty to defend shall be absolute.

If the Contractor fails to maintain insurance acceptable to the County for the full term of this Contract, the County may terminate this Contract.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**). It is preferred, but not mandatory, that the insurer be licensed to do business in the state of California (California Admitted Carrier).

If the insurance carrier does not have an A.M. Best Rating of A-/VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the Contractor shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles	\$1,000,000 per occurrence
Workers Compensation	Statutory
Employers Liability Insurance	\$1,000,000 per occurrence
Professional Liability	\$1,000,000 per claims-made \$1,000,000 aggregate

Required Coverage Forms

The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 0012, CA 00 20, or a substitute form providing coverage at least as broad.

Required Endorsements

The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

- 1) An Additional Insured endorsement using ISO form CG 20 26 04 13 or a form at least as broad naming the ***County of Orange its elected and appointed officials, officers, agents and employees*** as Additional Insureds, or provide blanket coverage, which will state ***AS REQUIRED BY WRITTEN CONTRACT.***
- 2) A primary non-contributing endorsement using ISO form CG 20 01 04 13, or a form at least as broad evidencing that the Contractor's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against the ***County of Orange, its elected and appointed officials, officers, agents and employees*** or provide blanket coverage, which will state ***AS REQUIRED BY WRITTEN CONTRACT.***

All insurance policies required by this Contract shall waive all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

Contractor shall notify County in writing within thirty (30) days of any policy cancellation and ten (10) days for non-payment of premium and provide a copy of the cancellation notice to County. Failure to provide written notice of cancellation may constitute a material breach of the Contract, upon which the County may suspend or terminate this Contract.

If Contractor's Professional Liability are "Claims-Made" policy(ies), Contractor shall agree to maintain coverage for two (2) years following the completion of the Contract.

The Commercial General Liability policy shall contain a severability of interests clause also known as a "separation of insureds" clause (standard in the ISO CG 0001 policy). Insurance certificates should be forwarded to the agency/department address listed on the solicitation.

If the Contractor fails to provide the insurance certificates and endorsements within seven (7) days of notification by CEO/Purchasing or the agency/department purchasing division, award may be made to the next qualified vendor.

County expressly retains the right to require Contractor to increase or decrease insurance of any of the above insurance types throughout the term of this Contract. Any increase or decrease in insurance will be as deemed by County of Orange Risk Manager as appropriate to adequately protect County.

County shall notify Contractor in writing of changes in the insurance requirements. If Contractor does not deposit copies of acceptable Certificates of Insurance and endorsements with County incorporating such changes within thirty (30) days of receipt of such notice, this Contract may be in breach without further notice to Contractor, and County shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit Contractor's liability hereunder nor to fulfill the indemnification provisions and requirements of this Contract, nor act in any way to reduce the policy coverage and limits available from the insurer.

- P. **Changes:** Contractor shall make no changes in the work or perform any additional work without the County's specific written approval.
- Q. **Change of Ownership:** Contractor agrees that if there is a change or transfer in ownership of Contractor's business prior to completion of this Contract, and the County agrees to an assignment of the Contract, the new owners shall be required under terms of sale or other transfer to assume Contractor's duties and obligations contained in this Contract and complete them to the satisfaction of the County.

County reserves the right to immediately terminate the Contract in the event the County determines that the assignee is not qualified or is otherwise unacceptable to the County for the provision of services under the Contract.

- R. **Force Majeure:** Contractor shall not be assessed with liquidated damages or unsatisfactory performance penalties during any delay beyond the time named for the performance of this Contract caused by any act of God, war, civil disorder, employment strike or other cause beyond its reasonable control, provided Contractor gives written notice of the cause of the delay to County within 36 hours of the start of the delay and Contractor avails himself of any available remedies.
- S. **Confidentiality:** Contractor agrees to maintain the confidentiality of all County and County-related records and information pursuant to all statutory laws relating to privacy and confidentiality that currently exist or exist at any time during the term of this Contract. All such records and information shall be considered confidential and kept confidential by Contractor and Contractor's staff, agents and employees.
- T. **Compliance with Laws:** Contractor represents and warrants that services to be provided under this Contract shall fully comply, at Contractor's expense, with all standards, laws, statutes, restrictions, ordinances, requirements, and regulations (collectively "laws"), including, but not limited to those issued by County in its governmental capacity and all other laws applicable to the services at the time services are provided to and accepted by County. Contractor acknowledges that County is relying on Contractor to ensure such compliance, and pursuant to the requirements of paragraph "Z" below, Contractor agrees that it shall defend, indemnify and hold County and County INDEMNITEES harmless from all liability, damages, costs and expenses arising from or related to a violation of such laws.
- U. **Intentionally left blank.**
- V. **Severability:** If any term, covenant, condition or provision of this Contract is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.
- W. **Attorney Fees:** In any action or proceeding to enforce or interpret any provision of this Contract, each party shall bear their own attorney's fees, costs and expenses.
- X. **Interpretation:** This Contract has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Contract. In addition, each party had been represented by experienced and knowledgeable independent legal counsel of their own choosing or has knowingly declined to seek such counsel despite being encouraged and given the opportunity to do so. Each party further acknowledges that they have not been influenced to any extent whatsoever in executing this Contract by any other party hereto or by any person representing them, or both. Accordingly, any rule or law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Contract against the party that has drafted it is not applicable and is waived. The provisions of this Contract shall be interpreted in a reasonable manner to effect the purpose of the parties and this Contract.
- Y. **Employee Eligibility Verification:** The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirement set forth in Federal statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal or State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by the law. The Contractor shall indemnify, defend with counsel approved in writing by County, and hold harmless, the County, its

agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

- Z. **Indemnification:** Contractor agrees to indemnify, defend with counsel approved in writing by County, and hold County, its elected and appointed officials, officers, employees, agents and those special districts and agencies which County's Board of Supervisors acts as the governing Board ("County Indemnitees") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the negligent performance of services provided by Contractor pursuant to this Contract. If judgment is entered against Contractor and County by a court of competent jurisdiction because of the concurrent active negligence of County or County Indemnitees, Contractor and County agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment. Notwithstanding the foregoing, this paragraph "Z" shall not apply to any actions related to the professional services provided by Contractor so long as the professional liability insurance required by this Contract remains in effect; provided, however, Contractor remains liable to pay for any liability incurred by the County Indemnities related to the negligent performance of professional services provided by Contractor under this Contract that are not covered by Contractor's professional liability insurance, including any SIR amount.

- AA. **Audits/Inspections:** Contractor agrees to permit the County's Auditor-Controller or the Auditor-Controller's authorized representative (including auditors from a private auditing firm hired by the County) access during normal working hours to all books, accounts, records, reports, files, financial records, supporting documentation, including payroll and accounts payable/receivable records, and other papers or property of Contractor for the purpose of auditing or inspecting any aspect of performance under this Contract. The inspection and/or audit will be confined to those matters connected with the performance of the Contract including, but not limited to, the costs of administering the Contract. The County will provide reasonable notice of such an audit or inspection. The County reserves the right to audit and verify the Contractor's records before final payment is made.

Contractor agrees to maintain such records for possible audit for a minimum of three years after final payment, unless a longer period of records retention is stipulated under this Contract or by law. Contractor agrees to allow interviews of any employees or others who might reasonably have information related to such records. Further, Contractor agrees to include a similar right to the County to audit records and interview staff of any subcontractor related to performance of this Contract.

Should the Contractor cease to exist as a legal entity, the Contractor's records pertaining to this agreement shall be forwarded to the County's project manager.

- BB. **Contingency of Funds:** Contractor acknowledges that funding or portions of funding for this Contract may be contingent upon state budget approval; receipt of funds from, and/or obligation of funds by, the state of California to County; and inclusion of sufficient funding for the services hereunder in the budget approved by County's Board of Supervisors for each fiscal year covered by this Contract. If such approval, funding or appropriations are not forthcoming, or are otherwise limited, County may immediately terminate or modify this Contract without penalty.

- CC. **Expenditure Limit:** The Contractor shall notify the County of Orange assigned Deputy Purchasing Agent in writing when the expenditures against the Contract reach 75 percent of the dollar limit on the Contract. The County will not be responsible for any expenditure overruns and will not pay for work exceeding the dollar limit on the Contract unless a change order to cover those costs has been issued.

Additional Terms and Conditions:

1. **Scope of Contract:** This Contract specifies the contractual terms and conditions by which the County will procure general public finance legal services from Contractor as further detailed in the Scope of Work, identified and incorporated herein by this reference as "Attachment A".
2. **Term of Contract:** The initial term of this Contract is for a three-year term and shall become effective April 23, 2018 and shall continue through April 22, 2021 unless otherwise terminated as provided herein. This Contract may be renewed as set forth in paragraph 3 below.
3. **Renewal:** This Contract may be renewed upon expiration for two (2) additional one-year terms, upon mutual agreement of both Parties. County is not obligated to give a reason or notice if it elects not to renew. Renewal amendments may require approval of the County Board of Supervisors.
4. **Adjustments – Scope of Work:** No adjustments made to the Scope of Work will be authorized without prior written approval of the County assigned Deputy Purchasing Agent.
5. **Breach of Contract:** The failure of the Contractor to comply with any of the provisions, covenants or conditions of this Contract shall be a material breach of this Contract. In such event the County may, and in addition to any other remedies available at law, in equity, or otherwise specified in this Contract:
 - a) Terminate the Contract immediately, pursuant to Section K herein;
 - b) Afford the Contractor written notice of the breach and ten (10) calendar days or such shorter time that may be specified in this Contract within which to cure the breach;
 - c) Discontinue payment to the Contractor for and during the period in which the Contractor is in breach; and
 - d) Offset against any monies billed by the Contractor but yet unpaid by the County those monies disallowed pursuant to the above.
6. **Civil Rights:** Contractor attests that services provided shall be in accordance with the provisions of Title VI and Title VII of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975 as amended; Title II of the Americans with Disabilities Act of 1990, and other applicable State and federal laws and regulations prohibiting discrimination on the basis of race, color, national origin, ethnic group identification, age, religion, marital status, sex or disability.
7. **Conflict of Interest – Contractor's Personnel:** The Contractor shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with the best interests of the County. This obligation shall apply to the Contractor; the Contractor's employees, agents, and subcontractors associated with accomplishing work and services hereunder. The Contractor's efforts shall include, but not be limited to establishing precautions to prevent its employees, agents, and subcontractors from providing or offering gifts, entertainment, payments, loans or other considerations which could be deemed to influence or appear to influence County staff or elected officers from acting in the best interests of the County.
8. **Conflict of Interest – County Personnel:** The County of Orange Board of Supervisors policy prohibits its employees from engaging in activities involving a conflict of interest. The Contractor shall not, during the period of this Contract, employ any County employee for any purpose.
9. **Project Manager, County:** The County shall appoint a Project Manager to act as liaison between the County and the Contractor during the term of this Contract. The County's Project Manager shall coordinate the activities of the County staff assigned to work with the Contractor.

10. **Contractor's Project Manager and Key Personnel:** Contractor shall appoint a Project Manager to direct the Contractor's efforts in fulfilling Contractor's obligations under this Contract. This Project Manager shall be subject to approval by the County and shall not be changed without the written consent of the County's Project Manager, which consent shall not be unreasonably withheld.

The Contractor's Project Manager shall be assigned to this project for the duration of the Contract and shall diligently pursue all work and services to meet the project time lines. The County's Project Manager shall have the right to require the removal and replacement of the Contractor's Project Manager from providing services to the County under this Contract. The County's Project manager shall notify the Contractor in writing of such action. The Contractor shall accomplish the removal within five (5) business days after written notice by the County's Project Manager. The County's Project Manager shall review and approve the appointment of the replacement for the Contractor's Project Manager. The County is not required to provide any additional information, reason or rationale in the event it The County is not required to provide any additional information, reason or rationale in the event it requires the removal of Contractor's Project Manager from providing further services under the Contract.

11. **Contractor's Expense:** The Contractor will be responsible for all costs related to photo copying, telephone communications, and fax communications during the performance of work and services under this Contract. The County will not provide free parking for any service in the County Civic Center. No reimbursable expenses shall be allowed in this contract without prior written consent by the Public Finance Director.
12. **Reports/Meetings:** The Contractor shall develop reports and any other relevant documents necessary to complete the services and requirements as set forth in this Contract. The County's Project Manager and the Contractor's Project Manager will meet on reasonable notice to discuss the Contractor's performance and progress under this Contract. If requested, the Contractor's Project Manager and other project personnel shall attend all meetings. The Contractor shall provide such information that is requested by the County for the purpose of monitoring progress under this Contract.
13. **Contractor's Records:** The Contractor shall keep true and accurate accounts, records, books and data which shall correctly reflect the business transacted by the Contractor in accordance with generally accepted accounting principles. These records shall be stored in Orange County for a period of three (3) years after final payment is received from the County. Storage of records in another county will require written approval from the County of Orange assigned Deputy Purchasing Agent.
14. **Conditions Affecting Work:** The Contractor shall be responsible for taking all steps reasonably necessary to ascertain the nature and location of the work to be performed under this Contract and to know the general conditions which can affect the work or the cost thereof. Any failure by the Contractor to do so will not relieve Contractor from responsibility for successfully performing the work without additional cost to the County. The County assumes no responsibility for any understanding or representations concerning the nature, location(s) or general conditions made by any of its officers or agents prior to the execution of this Contract, unless such understanding or representations by the County are expressly stated in the Contract.
15. **Bills and Liens:** Contractor shall pay promptly all indebtedness for labor, materials and equipment used in performance of the work. Contractor shall not permit any lien or charge to attach to the work or the premises, but if any does so attach, Contractor shall promptly procure its release and, in accordance with the requirements of paragraph "Z" above, indemnify, defend, and hold County harmless and be responsible for payment of all costs, damages, penalties and expenses related to or arising from or related thereto.
16. **County of Orange Child Support Enforcement:** All Contractors are required to comply with the child support enforcement requirements of the County of Orange. Failure of the Contractor to comply with all federal, state, and local reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a

material breach of the Contract. In order to comply with the child support enforcement requirements of the County of Orange, all bidders/proposers must furnish to the Contract administrator, the Purchasing Agent, or the agency/department Deputy Purchasing Agent:

- A. In the case of an individual Contractor, his/her name, date of birth, Social Security number, and residence address;
- B. In the case of a Contractor doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of 10 percent or more in the Contracting entity;
- C. A certification that the Contractor has fully complied with all applicable federal and state reporting requirements regarding its employees; and
- D. A certification that the Contractor has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment and will continue to so comply.

Failure to cure such breach within 60 calendar days of notice from the County shall constitute grounds for termination of the Contract.

17. **Data – Title To:** All materials, documents, data or information obtained from the County data files or any County medium furnished to the Contractor in the performance of this Contract will at all times remain the property of the County. Such data or information may not be used or copied for direct or indirect use by the Contractor after completion or termination of this Contract without the express written consent of the County. All materials, documents, data or information, including copies, must be returned to the County at the end of this Contract.
18. **Reprocurement Costs:** In case of Contract breach by Contractor, resulting in termination by the County, the County may procure the goods and/or services from other sources. If the cost for those goods and/or services is higher than under the terms of the existing Contract, Contractor will be responsible for paying the County the difference between the Contract cost and the price paid, and the County may deduct this cost from any unpaid balance due the Contractor. The price paid by the County shall be the prevailing market price at the time such purchase is made. This is in addition to any other remedies available under this Contract and under law.
19. **Disputes – Contract:**
- A. The parties shall deal in good faith and attempt to resolve potential disputes informally. If the dispute concerning a question of fact arising under the terms of this Contract is not disposed of in a reasonable period of time by the Contractor's Project Manager and the County's Project Manager, such matter shall be brought to the attention of the County Deputy Purchasing Agent by way of the following process:
 - 1. The Contractor shall submit to the agency/department assigned Deputy Purchasing Agent a written demand for a final decision regarding the disposition of any dispute between the parties arising under, related to, or involving this Contract, unless the County, on its own initiative, has already rendered such a final decision.
 - 2. The Contractor's written demand shall be fully supported by factual information, and, if such demand involves a cost adjustment to the Contract, the Contractor shall include with the demand a written statement signed by a senior official indicating that the demand is made in good faith, that the supporting data are accurate and complete, and that the amount requested accurately reflects the Contract adjustment for which the Contractor believes the County is liable.

- B. Pending the final resolution of any dispute arising under, related to, or involving this Contract, the Contractor agrees to diligently proceed with the performance of this Contract, including the delivery of goods and/or provision of services. The Contractor's failure to diligently proceed shall be considered a material breach of this Contract.

Any final decision of the County shall be expressly identified as such, shall be in writing, and shall be signed by the County Deputy Purchasing Agent or their designee. If the County fails to render a decision within 90 days after receipt of the Contractor's demand, it shall be deemed a final decision adverse to the Contractor's contentions. Nothing in this section shall be construed as affecting the County's right to terminate the Contract for cause or termination for convenience as stated in section K herein.

20. Drug-Free Workplace: The Contractor hereby certifies compliance with Government Code Section 8355 in matters relating to providing a drug-free workplace. The Contractor will:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code Section 8355(a)(1).
2. Establish a drug-free awareness program as required by Government Code Section 8355(a)(2) to inform employees about all of the following:
 - a. The dangers of drug abuse in the workplace;
 - b. The organization's policy of maintaining a drug-free workplace;
 - c. Any available counseling, rehabilitation and employee assistance programs; and
 - d. Penalties that may be imposed upon employees for drug abuse violations.
3. Provide as required by Government Code Section 8355(a)(3) that every employee who works under this Contract:
 - a. Will receive a copy of the company's drug-free policy statement; and
 - b. Will agree to abide by the terms of the company's statement as a condition of employment under this Contract.

Failure to comply with these requirements may result in suspension of payments under the Contract or termination of the Contract or both, and the Contractor may be ineligible for award of any future County contracts if the County determines that any of the following has occurred:

1. The Contractor has made false certification, or
2. The Contractor violates the certification by failing to carry out the requirements as noted above.

21. EDD Independent Contractor Reporting Requirements: Effective January 1, 2001, the County of Orange is required to file in accordance with subdivision (a) of Section 6041A of the Internal Revenue Code for services received from a "service provider" to whom the County pays \$600 or more or with whom the County enters into a contract for \$600 or more within a single calendar year. The purpose of this reporting requirement is to increase child support collection by helping to locate parents who are delinquent in their child support obligations.

The term "service provider" is defined in California Unemployment Insurance Code Section 1088.8, subparagraph B.2 as "an individual who is not an employee of the service recipient for California purposes and who received compensation or executes a contract for services performed for that service recipient within or without the state." The term is further defined by the California Employment Development Department to refer specifically to independent Contractors. An independent Contractor is defined as "an individual who is not an employee of the ... government entity for California purposes and who receives compensation or executes a contract for services performed for that ... government entity either in or outside of California."

The reporting requirement does not apply to corporations, general partnerships, limited liability partnerships, and limited liability companies.

Additional information on this reporting requirement can be found at the California Employment Development Department web site located at http://www.edd.ca.gov/Employer_Services.htm

22. **Remedies Not Exclusive:** The remedies for breach set forth in this Contract are cumulative as to one another and as to any other provided by law, rather than exclusive; and the expression of certain remedies in this Contract does not preclude resort by either party to any other remedies provided by law.
23. **Errors and Omissions:** All reports, files and other documents prepared and submitted by Contractor shall be complete and shall be carefully checked by the professional(s) identified by Contractor as project manager and key personnel attached hereto, prior to submission to the County. Contractor agrees that County review is discretionary and Contractor shall not assume that the County will discover errors and/or omissions. If the County discovers any errors or omissions prior to approving Contractor's reports, files and other written documents, the reports, files or documents will be returned to Contractor for correction. Should the County or others discover errors or omissions in the reports, files or other written documents submitted by the Contractor after County approval thereof, County approval of Contractor's reports, files or documents shall not be used as a defense by Contractor in any action between the County and Contractor, and the reports, files or documents will be returned to Contractor for correction.
24. **Equal Employment Opportunity:** The Contractor shall comply with U.S. Executive Order 11246 entitled, "Equal Employment Opportunity" as amended by Executive Order 11375 and as supplemented in Department of Labor regulations (41 CFR, Part 60) and applicable state of California regulations as may now exist or be amended in the future. The Contractor shall not discriminate against any employee or applicant for employment on the basis of race, color, national origin, ancestry, religion, sex, marital status, political affiliation or physical or mental condition.

Regarding handicapped persons, the Contractor will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to provide equal opportunity to handicapped persons in employment or in advancement in employment or otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicaps in all employment practices such as the following: employment, upgrading, promotions, transfers, recruitments, advertising, layoffs, terminations, rate of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor agrees to comply with the provisions of Sections 503 and 504 of the Rehabilitation Act of 1973, as amended, pertaining to prohibition of discrimination against qualified handicapped persons in all programs and/or activities as detailed in regulations signed by the Secretary of the Department of Health and Human Services effective June 3, 1977, and found in the Federal Register, Volume 42, No. 68 dated May 4, 1977, as may now exist or be amended in the future.

Regarding Americans with disabilities, Contractor agrees to comply with applicable provisions of Title 1 of the Americans with Disabilities Act enacted in 1990 as may now exist or be amended in the future.

25. **News/Information Release:** The Contractor agrees that it will not issue any news releases in connection with either the award of this Contract or any subsequent amendment of or effort under this Contract without first obtaining review and written approval of said news releases from the County through the County's Project Manager.
26. **Notices:** Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given hereunder shall be in writing with a copy provided to the assigned Deputy Purchasing Agent (DPA), except through the course of the parties' project managers' routine exchange of information and cooperation during the terms of the work and services. Any written communications shall be deemed to have been duly given upon actual in-person delivery, if delivery is by

direct hand, or upon delivery on the actual day of receipt or no greater than four (4) calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be addressed to the appropriate party at the address stated herein or such other address as the parties hereto may designate by written notice from time to time in the manner aforesaid.

Contractor: Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660

County: County Executive Office/Public Finance Division
Attn: Public Finance Director
333 W. Santa Ana Blvd., 3rd Floor
Santa Ana, CA 92701

Assigned DPA: County Executive Office/Public Finance Division
333 W. Santa Ana Blvd., 3rd Floor
Santa Ana, CA 92701

27. **Precedence:** The Contract documents consist of this Contract and its exhibits and attachments. In the event of a conflict between or among the Contract documents, the order of precedence shall be the provisions of the main body of this Contract, i.e., those provisions set forth in the recitals and articles of this Contract, and then the exhibits and attachments.
28. **Termination – Orderly:** After receipt of a termination notice from the County of Orange, the Contractor may submit to the County a termination claim, if applicable. Such claim shall be submitted promptly, but in no event later than 60 days from the effective date of the termination, unless one or more extensions in writing are granted by the County upon written request of the Contractor. Upon termination County agrees to pay the Contractor for all services performed prior to termination which meet the requirements of the Contract, provided, however, that such compensation combined with previously paid compensation shall not exceed the total compensation set forth in the Contract. Upon termination or other expiration of this Contract, each party shall promptly return to the other party all papers, materials, and other properties of the other held by each for purposes of performance of the Contract.
29. **Usage:** No guarantee is given by the County to the Contractor regarding usage of this Contract. Usage figures, if provided, are approximations. The Contractor agrees to supply services and/or commodities requested, as needed by the County of Orange, at rates/prices listed in the Contract, regardless of quantity requested.
30. **Headings:** The various headings and numbers herein, the grouping of provisions of this Contract into separate clauses and paragraphs, and the organization hereof are for the purpose of convenience only and shall not limit or otherwise affect the meaning hereof.
31. **Ownership of Documents:** The County has permanent ownership of all directly connected and derivative materials produced under this Contract by the Contractor. All documents, reports and other incidental or derivative work or materials furnished hereunder shall become and remain the sole property of the County and may be used by the County as it may require without additional cost to the County. None of the documents, reports and other incidental or derivative work or furnished materials shall be used by the Contractor without the express written consent of the County.


32. **Compliance with Gift and Political Contribution Ban:** By executing this Contract, Contractor covenants to the County that it has complied in all respects with the "Ban on Political Contributions and Gifts" provisions of Article V of the County of Orange, Board of Supervisors, Policies and Procedures for Consideration and Approval of Proposed Public Financings.
33. **Publication:** No copies of schedules, written documents, and computer based data, photographs, maps or graphs, resulting from performance or prepared in connection with this Contract, are to be released by Contractor and/or anyone acting under the supervision of Contractor to any person, partnership, company, corporation, or agency, without prior written approval by the County, except as necessary for the performance of the services of this Contract. All press releases, including graphic display information to be published in newspapers, magazines, etc., are to be administered only by the County unless otherwise agreed to by both Parties.
34. **Gratuities:** The Contractor warrants that no gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Contractor or any agent or representative of the Contractor to any officer or employee of the County with a view toward securing the Contract or securing favorable treatment with respect to any determinations concerning the performance of the Contract. For breach or violation of this warranty, the County shall have the right to terminate the Contract, either in whole or in part, and any loss or damage sustained by the County in procuring on the open market any goods or services which the Contractor agreed to supply shall be borne and paid for by the Contractor. The rights and remedies of the County provided in the clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under the Contract.
35. **Follow-On Work - Services Contract:** No person, firm, subsidiary or subcontractor of a firm that has been awarded a consulting services contract or a contract which includes a consulting component may be awarded a Contract for the performance of services, the purchase of goods or supplies, or the provision of any other related action which arises from or can reasonably be deemed an end-product of work performed under the initial consulting to consulting-related Contract.
36. **Subcontracting:** No performance of this Contract or any portion thereof may be subcontracted by the Contractor without the express written consent of the County. Any attempt by the Contractor to subcontract any performance of this Contract without the express written consent of the County shall be invalid and shall constitute a breach of this Contract.
- In the event that the Contractor is authorized by the County to subcontract, this Contract shall take precedence over the terms of the Contract between Contractor and subcontractor, and shall incorporate by reference the terms of this Contract. The County shall look to the Contractor for performance and indemnification and not deal directly with any subcontractor. All work performed by a subcontractor must meet the approval of the County of Orange.
37. **Nondiscrimination – Statement of Compliance:** The Contractor's signature affixed hereon and dated shall constitute a certification under penalty of perjury under the laws of the state of California that the Contractor has, unless exempted, complied with the nondiscrimination program requirements of Government Code Section 12900 (a-f) and Title 2, California Code of Regulations, Sections 11102 and 11103.
38. **Order Dates:** Orders may be placed during the term of the Contract even if delivery may not be made until after the term of the Contract. The Contractor must clearly identify the order date on all invoices to County and the order date must precede the expiration date of the Contract.

39. **Statement of Economic Interests - Form 700 Requirement:** The contractor must comply with California state law and regulations regarding conflicts of interest. The Fair Political Practices Commission ("FPPC") requires employees of the contractor who provide services to the County under this contract to complete an initial and annual Statement of Economic Interests ("Form 700").

Signature Page

IN WITNESS WHEREOF, the Parties hereto have executed this Contract on the date following their respective signatures.

Stradling Yocca Carlson & Rauth, a Professional Corporation*

	Robert J. Whalen	Vice President	3/14/18
Signature	Name	Title	Date

	Bruce W. Feuchter	Vice President/Treasurer	3/15/18
Signature	Name	Title	Date

COUNTY OF ORANGE


A political subdivision of the State of California

COUNTY AUTHORIZED SIGNATURE:

	Suzanne Luster	Public Finance Director	4-10-18
Signature	Name	Title	Date

APPROVED AS TO FORM:

County Counsel

By 
Deputy
Date 4/10/18

* If the contracting party is a corporation, (2) two signatures are required: one (1) signature by the Chairman of the Board, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. The signature of one person alone is sufficient to bind a corporation, as long as he or she holds corporate offices in each of the two categories described above. For County purposes, proof of such dual office holding will be satisfied by having the individual sign the instrument twice, each time indicating his or her office that qualifies under the above described provision. In the alternative, a single corporate signature is acceptable when accompanied by a corporate resolution demonstrating the legal authority of the signee to bind the corporation.

ATTACHMENT A

SCOPE OF WORK

1. Responding to questions from the County, interpreting outstanding documents and agreements, federal tax law, regulations and agreements pertaining to County disclosure obligations, reviewing proposals generated by or submitted to the County, and providing other general or specific advice to the County, in each case as related to outstanding or proposed debt obligations of the County or a related entity.
2. Representing the County or related entity in connection with any agreement securing or otherwise related to debt obligations, validation action, reverse validation action, investment agreement, IRS audit, SEC inquiry, financial restructuring, workout, participant bankruptcy or similar matter.
3. Customary bond counsel and/or disclosure counsel and or tax counsel services in connection with particular financings of the County or a related entity, which may include, (i) consultation with representatives of the County, County Counsel, the County's municipal advisor and underwriters and others, regarding proposed financing; (ii) preparation of certain documents to be approved, adopted or executed by the County; (iii) validation action if necessary; (iv) attendance at Public Finance Advisory Committee ("PFAC"), Board of Supervisors, and/or working group meetings; (v) coordination of bond closings; (vi) rendering customary legal opinions; and (vii) preparation of closing transcripts.
4. Any additional services related to matters not otherwise covered by the Contract and specifically requested in writing by the Public Finance Director.

ATTACHMENT B

COMPENSATION/PAYMENT

1. **Compensation:** This is a Contract between the County and Contractor for general public finance legal services as set forth in Attachment A, "Scope of Work".

The Contractor agrees to accept the specified compensation as set forth in this Contract as full payment for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by the Contractor of all its duties and obligations hereunder. The Contractor shall only be compensated as set forth herein for work performed in accordance with the Scope of Work. **The County shall have no obligation to pay any sum in excess of the fixed rates specified herein unless authorized by amendment in accordance with Articles C of the County Contract Terms and Conditions.**

2. **Payment Schedule:** County shall pay Contractor for services in accordance to the hourly rates as set forth below for services provided as described in Attachment A – Scope of Work. Fees for services described in Attachment A – Scope of Work shall not exceed \$150,000 in any contract year.

Hourly Rates	
Title	Hourly Rate
Partners	\$ 500
Attorney	\$ 340
Paralegal	\$ 130

In addition to the hourly rates set forth above, travel-related expenses (such as airfare or lodging) may be reimbursed at the discretion of the County. All travel-related expenses must be negotiated with the Public Finance Director prior to engagement of services.

The amounts paid to the Contractor under this paragraph shall constitute payment in full for all services rendered under this Contract.

3. **Billable Hours – Partners Exception:** Notwithstanding any provision of this Contract to the Contrary, unless Attorneys receive prior written approval of the Public Finance Director, the County will not compensate Attorneys for the attendance or participation of more than one Attorney (including Attorneys' staff) in any meeting, conference call, deposition, court appearance or similar matter. In the event more than one Attorney attends any matter, the County will compensate Attorneys at the hourly rate for the most senior Attorney present. In addition, unless Attorneys receive prior written approval of the Public Finance Director, the County will not pay any Attorney hourly rate for time spent traveling.
4. **Price Increase/Decreases:** No price increases will be permitted during the first period of the price agreement. The County requires documented proof of cost increases on Contracts prior to any price adjustment. A minimum of 30-days advance notice in writing is required to secure such adjustment. No retroactive price adjustments will be considered. All price decreases will automatically be extended to the County of Orange. The County may enforce, negotiate, or cancel escalating price Contracts or take any other action it deems appropriate, as it sees fit. The net dollar amount of profit will remain firm during the period of the Contract. Adjustments increasing the Contractor's profit will not be allowed.

5. **Firm Discount and Pricing Structure:** Contractor guarantees that prices quoted are equal to or less than prices quoted to any other local, State or Federal government entity for services of equal or lesser scope. Contractor agrees that no price increases shall be passed along to the County during the term of this Contract not otherwise specified and provided for within this Contract.
6. **Contractor's Expense:** The Contractor will be responsible for all costs related to photo copying, telephone communications, and fax communications during the performance of work and services under this Contract. The County will not provide free parking for any service in the County Civic Center. No reimbursable expenses shall be allowed in this contract without prior written consent by the Public Finance Director.
7. **Payment Terms – Payment in Arrears:** Invoices are to be submitted within 30 days from the date Contractor completes deliverables as defined in Attachment A - Scope of Work. Contractor shall reference Contract number and bond issue on invoice. Payment will be net 30 days after receipt, and approval, by County of an invoice in a format acceptable to the County and verified and approved by the agency/department and subject to routine processing requirements. The responsibility for providing an acceptable invoice rests with the Contractor.

Billing shall cover services and/or goods not previously invoiced. The Contractor shall reimburse the County of Orange for any monies paid to the Contractor for goods or services not provided or when goods or services do not meet the Contract requirements.

Payments made by the County shall not preclude the right of the County from thereafter disputing any items or services involved or billed under this Contract and shall not be construed as acceptance of any part of the goods or services.
8. **Taxpayer ID Number:** The Contractor shall include its taxpayer ID number on all invoices submitted to the County for payment to ensure compliance with IRS requirements and to expedite payment processing.
9. **Payment – Invoicing Instructions:** The Contractor will provide an invoice on the Contractor's letterhead for services rendered. Each invoice shall be reviewed by County staff prior to payment to ensure that the billing is consistent with the following information:
 - a. Contractor's name and address
 - b. Contractor's remittance address, if different from 1 above
 - c. Contractor's Taxpayer ID Number
 - d. Name of County Agency/Department
 - e. Service address
 - f. Contract number
 - g. Date of invoice
 - h. Description of fees/service
 - i. Dates service was provided
 - j. Specify the specific bond issue
 - k. Sales tax, if applicable
 - l. Total

The County's Contract Administrator, or designee, is responsible for approval of invoices and subsequent submittal of invoices to the Auditor-Controller for processing of payment. The responsibility for providing an acceptable invoice to the County for payment rests with the Contractor. Incomplete or incorrect invoices are not acceptable and will be returned to the Contractor for correction.

Invoices and support documentation are to be forwarded to:
County of Orange County Executive Office
333 W. Santa Ana Blvd., 3rd Floor
Santa Ana, CA 92701
Attn: Public Finance Director
Or Email: PFAcctg@ocgov.com

ATTACHMENT C

STAFFING PLAN

1. Primary Staff

Name	Classification/Designation
Robert J. Whalen	Shareholder
Carol L. Lew	Shareholder
Lawrence K. Chan	Associate

2. Alternate Staff

Name	Classification/Designation
Brian P. Forbath	Shareholder
Brad R. Neal	Shareholder
Darren C. McHugh	Shareholder
Kevin Civale	Shareholder
Paul Glassman	Shareholder

Contractor understands that the individuals represented as assigned to the Contract must remain working on the Contract throughout the duration of the Contract unless otherwise requested or approved by County. Substitution of Contractor's Key Personnel shall be allowed only with prior written approval of County's Project Manager.

Contractor may reserve the right to involve other Contractor personnel, as their services are required. The specific individuals will be assigned based on the need and timing of the service/classification required. Assignment of additional key personnel shall be subject to County written approval. County reserves the right to have any of Contractor personnel removed from providing services to County under this Contract. County is not required to provide any reason for the request for removal of any Contractor personnel.

**AGREEMENT NO. 13-002BC
FOR GENERAL PUBLIC FINANCE LEGAL SERVICES**

This Agreement for public finance legal services (this "Agreement") is made and entered into this 23rd day of April 2013 by and between the County of Orange, California, a political subdivision organized and existing pursuant to the Constitution and laws of the State of California (the "County") and Stradling Yocca Carlson & Rauth, a Professional Corporation ("Stradling").

RECITALS

WHEREAS, from time-to-time the County requires public finance legal services with respect to ongoing financing issues not covered by any specific contract; and

WHEREAS, Stradling is ready, willing and able to provide public finance legal services to the County;

NOW, THEREFORE, in consideration of the premises, and of the mutual covenants, terms and conditions herein contained, the parties agree as follows:

Section 1. **Engagement of Stradling.** The County engages the services of Stradling as an independent contractor to provide public finance legal services in financial matters related to the County, as more fully described below. Stradling is willing and able to perform such services for and on behalf of the County. It is understood that Robert Whalen, E. Kurt Yeager, Brian Forbath and Carol Lew shall be the attorneys of Stradling principally responsible for performing the services described herein. Through the aforementioned persons and such other Stradling attorneys and staff as are needed to carry out the responsibilities of Stradling under this Agreement, Stradling shall provide the following professional services if and as requested by the Contract Administrator:

A. Responding to questions from the County, interpreting outstanding documents and agreements, federal tax law, regulations and agreements pertaining to County disclosure obligations, reviewing proposals generated by or submitted to the County, and providing other general or specific advice to the County, in each case as related to outstanding or proposed debt obligations of the County or a related entity.

B. Representing the County or related entity in connection with any agreement securing or otherwise related to debt obligations, validation action, reverse validation action, swap, investment agreement, IRS audit, SEC inquiry, financial restructuring, workout, participant bankruptcy or similar matter.

C. Customary bond counsel and/or disclosure counsel and/or tax counsel services in connection with particular financings of the County or a related entity, which may include (i) consultation with representatives of the County, County Counsel, the County's financial advisor and underwriters, and others, regarding the proposed financing; (ii) preparation of certain

of the documents to be approved, adopted or executed by the County (which in the case of disclosure counsel services may include the official statement or other disclosure document); (iii) validation action if necessary; (iv) attendance at PFAC or Board of Supervisors or working group meetings; (v) coordination of the closing; (vi) rendering customary legal opinions; and (vii) preparation of closing transcripts, all as deemed by Stradling to be appropriate to the matter. It is mutually understood that all potential financings will be subject to future approvals by PFAC and the Board of Supervisors.

D. Any additional services related to matters not otherwise covered by the Agreement and specifically requested in writing by the Contract Administrator.

Stradling and County agree that the County has County Counsel to render general day-to-day and ongoing legal services. Stradling shall circulate documents to, and coordinate its service with, County Counsel to the extent requested by the County or County Counsel.

Section 2. Term. This Agreement shall be effective as of the date first written above and shall continue in full force and effect until April 22, 2016. By mutual written agreement between the Contract Administrator and Stradling, this Agreement may be extended for two (2) years; provided, however, that none of the terms and conditions of this Agreement shall be amended or modified in any way. Notwithstanding the foregoing, either party may terminate this Agreement at any time either in whole or in part upon 30 days' written notice to the other party regarding such termination.

Section 3. Compensation of Stradling.

A. Stradling will be paid based on the hourly rates set forth in the attached Hourly Fee Schedule plus expenses (other than general interpretive services related to any documents drafted by Stradling pursuant to separate contract or pursuant to this Agreement, a reasonable amount of which interpretive services shall be provided to the County at no additional charge). In addition Stradling will be paid its costs and expenses incurred in connection with the services provided. Fees and expenses for the services described in Section 1 (except Subsection C) shall not exceed \$75,000 in any contract year.

B. Fees and expenses for the services described in Section 1 (except Subsection C) shall be paid periodically as submitted by Stradling, but no more frequently than monthly or less frequently than annually; and for Subsection C services shall be payable upon completion of such services with respect to each financing or upon earlier termination of intention to proceed with the financing.

C. For tax allocation bond refundings, instead of an hourly rate based fee, Stradling's fee, inclusive of expenses (except out of town travel) will be \$75,000 for bond counsel, disclosure counsel, and tax counsel services assuming a public sale. The bond counsel fee for a private placement transaction will be \$45,000, this includes a tax opinion if rendered at closing. If the tax opinion is rendered after closing, then the fee for the tax opinion will be based on Stradling's hourly rates set forth in the attached Hourly Fee Schedule. At any time, the County may request Stradling to convert its hourly rate based fee with respect to any financing or other

matter covered by this Agreement to a fixed fee acceptable to the County. If no fixed fee can be agreed to, the fee will remain based on hourly rates.

D. All fees and expenses are non-contingent and, in the event of termination of this Agreement or any of the services described in Section 1 prior to completion for payment as above, fees for services performed to that point will be based on the hourly rates set forth in the attached Hourly Fee Schedule (plus expenses).

Section 4. **Invoicing and Payment.** Stradling shall submit to the Contract Administrator invoices in acceptable detail and format for services rendered, including any supporting documentation as may be requested by the Contract Administrator or County Auditor-Controller. Invoices must reference this Agreement and must clearly specify the services performed. Each invoice shall be reviewed by County staff prior to payment to ensure that the billing is consistent with the compensation provisions of this Agreement. County will pay Stradling within the normal processing schedule of the County Auditor-Controller's Accounts Payable Section or sooner.

Section 5. **Contract Administration.** For the purpose of this Agreement, the County Public Finance Manager or her designee shall act as the Contract Administrator. The Contract Administrator will provide overall coordination and guidance of the services to be performed herein and will address policy issues as necessary and appropriate.

Section 6. **Standards of Work.** Stradling agrees that the performance of work and services pursuant to the requirements of this Agreement shall conform to highest professional standards as exist in Stradling's profession, industry or field of practice.

Section 7. **Errors and Omissions.** All work submitted by Stradling shall be completed and shall be carefully checked prior to submission. Stradling understands that the County's examination of Stradling's work product is discretionary and Stradling shall not assume that the County will discover errors and/or omissions. If the County discovers any errors or omissions, Stradling's work may be returned to Stradling for correction, which work shall be corrected without additional cost to the County. Should the County or others discover errors or omissions in the work submitted by Stradling after the County's acceptance thereof, the County's approval of Stradling's work shall not be a defense by Stradling.

Section 8. **Conflict of Interest.** Stradling shall not utilize in the performance of this Agreement any formerly employed person of any of the County agencies or departments if that person was engaged in any negotiations, transactions, planning, arrangement, or any part of the decision-making process relevant to this Agreement unless otherwise approved in writing by the Contract Administrator. This prohibition shall apply for a two-year period beginning on the date the person terminated County service.

Stradling shall not utilize in the performance of this Agreement any County employee unless such employment is required as a condition of the employee's regular employment with

the County. An employee of the County is defined to be any person holding a permanent or temporary position with the County. Stradling shall not employ or negotiate to employ any County employee(s) who have been or are involved in administration or performance of this Agreement, unless otherwise approved in writing by the Contract Administrator.

It is the policy of the Orange County Board of Supervisors, on behalf of the County and all other governmental entities of which it is the governing board, to prohibit the employment by any law firm adverse to the County while simultaneously being employed by the County, unless the board is advised of, and gives specific consent to, such adverse employment.

Any law firm, responding to a request for proposal or contract offer, shall disclose all present and contemplated employment which is or may be adverse to the County.

Any law firm, which has been retained by the County which desires employment which is or may be adverse to the County, shall transmit a statement of such desire to the County Counsel prior to undertaking such employment. The statement shall include a description of the employment and the reasons, if any, why the County should consent. The County Counsel will forward the request to the Board of Supervisors with recommendation for action.

If the Board of Supervisors declines to consent to the employment, the law firm shall decline any such employment or shall not represent the County. The authority to give consent of the County is not delegated to any officer or employee of the County.

The County recognizes that this policy may exceed the Rules of Professional Conduct 4-101 and 5-102 of the State Bar of California. Where applicable, law firms employed by the County shall comply with such Rules in securing necessary consent from their other clients.

Specifically, and in addition, a law firm employed as bond counsel cannot represent, in the bond issue or any other matter, any other participant in the bond issue without specific consent of the Board.

County acknowledges that Stradling regularly performs legal services for many private and public entities in connection with a wide variety of matters. For example, Stradling has represented, is representing, or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement and liquidity providers, lenders, investors, financial and other consultants/advisors, accountants, investment or swap providers/brokers, and others who may have a role or interest in the matter(s) described in Section 1 of this Agreement, or that may be involved with or adverse to County, or a related entity in these or some other matters. Given the role of Stradling described in Section 1, the County acknowledges that no conflict of interest exists and waives any conflict of interest that might appear actually or potentially to exist, by virtue of this Agreement or any such other attorney-client relationship that Stradling may have had, have or enter into, and County specifically consents to any and all such relationships.

Section 9. **Compliance with Gift and Political Contribution Ban.** By executing this Agreement, Stradling covenants to the County that it has complied, and will comply during the term of this Agreement, in all respects with the "Ban on Political Contributions and Gifts" provisions of Article V of the County of Orange, Board of Supervisors, Policies and Procedures for Consideration and Approval of Proposed Public Financings.

Section 10. **Confidentiality of Work.** All work performed by Stradling, including but not limited to all drafts, data, correspondence, proposals, reports and estimates compiled or composed by Stradling pursuant to this Agreement, but expressly excluding all documents, data, reports or correspondence typically circulated among the working group with respect to any financing, or any matter required to be disclosed pursuant to judicial process or California or federal law (including, but not limited to federal securities laws), is for the sole use of the County and shall be confidential and not released to any third party without prior written consent of the Contract Administrator.

Section 11. **Independence of Stradling.** Stradling and the agents and employees of Stradling, in performance of this Agreement, shall act in an independent capacity and not as employees, officers or agents of the County.

Section 12. **Subcontracts.** Stradling is responsible for all requirements under this Agreement even though the requirements are carried out pursuant to subcontract. All Agreement requirements apply to subcontractors. All proposed subcontracts must be filed with, and approved by the Contract Administrator prior to execution of any agreement with the subcontractor.

Stradling shall submit a listing which identifies the name of the subcontractor, the method by which the subcontractor was selected, and the total funding to be paid to the subcontractor. If other than the lowest bidder or a sole-source provider is selected, all documents used in subcontractor selection must be presented in writing to the Contract Administrator for prior approval before awarding any contract. The Contract Administrator reserves the right to disapprove any subcontractor.

Section 13. **News Releases.** Stradling agrees to submit to the Contract Administrator, prior to release, copies of news releases related to this Agreement. County reserves the right to modify or deny the release of such news releases.

Section 14. **Examination of Accounts, Audit and Records.** Stradling's records relating to services provided under this Agreement shall be subject at all reasonable times to inspection, audit and reproduction by the County or any of its duly authorized representatives. Stradling shall preserve and make available records (I) for a period of three years from the date of final payment under this Agreement and (II) for such longer period, if any, as is required by subsections A and B below:

- A. If this Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any termination.
- B. If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three year period, whichever is later.

Section 15. **Ownership of Records.** All work-product, records, and materials relating to this Agreement shall be the sole and exclusive property of County, as the work is completed or otherwise upon termination of this Agreement. Stradling shall deliver to the Contract Administrator all copies of any and all materials pertaining to this Agreement.

Section 16. **Name Change.** Stradling shall provide written notice to the Contract Administrator at least thirty (30) days prior to any changes to Stradling's current legal name, if practicable, but in any event, not later than the date of any such change. The Contract Administrator shall be provided with all pertinent information relating thereto which is requested.

Section 17. **Changes in Staff.** The Contract Administrator has the reasonable right to approve or disapprove any proposed changes in Stradling's staff from the individuals named in this Agreement. The Contract Administrator shall be provided with a resume of any proposed substitute and shall be given the opportunity to interview that person prior to his or her decision to approve or disapprove.

Section 18. **Child Support Compliance.** Unless provided contemporaneously with its execution of this Agreement, Stradling agrees to furnish to the Contract Administrator within thirty (30) days of this Agreement's effective date:

- A. The name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in Stradling;
- B. A certification that Stradling has fully complied with all applicable federal and state reporting requirements regarding its employees;
- C. A certification that Stradling has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

The failure of Stradling to timely submit the data or certifications required by Subsections A, B or C, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from the County shall constitute grounds for termination of this Agreement.

It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, and for no other purpose.

The Contract Administrator, with the concurrence of the County Purchasing Agent, may waive the requirements of this provision, or any part thereof.

The Contract Administrator shall forthwith transmit data received from Stradling under the provisions of this Section to the Orange County District Attorney, and shall not use or disclose the data for any other purpose.

Section 19. **Insurance.** Prior to the provision of services under this Agreement, Stradling agrees to purchase all required insurance at Stradling's expense and to deposit with the County Certificates of Insurance, including all endorsements required herein, necessary to satisfy the County that the insurance provisions of this Agreement have been complied with and to keep such insurance coverage and the certificates therefore on deposit with the County during the entire term of this Agreement. In addition, all subcontractors performing work on behalf of Stradling pursuant to this Agreement shall obtain insurance subject to the same terms and conditions as set forth herein for Stradling.

All insurance policies required by this Agreement shall declare any deductible or self-insured retention (SIR) in an amount in excess of \$25,000 (\$5,000 for automobile liability), which shall specifically be approved by the County Executive Office (CEO)/Office of Risk Management. Stradling shall be responsible for reimbursement of any deductible to the insurer. Any self-insured retentions (SIRs) or deductibles shall be clearly stated on the Certificate of Insurance.

If Stradling fails to maintain insurance acceptable to the County for the full term of this Agreement, the County may terminate this Agreement.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer licensed to do business in the state of California (California Admitted Carrier).

Minimum insurance company ratings as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com shall be A- (Secure Best's Rating) and VIII (Financial Size Category).

If the carrier is a non-admitted carrier in the state of California, CEO/Office of Risk Management retains the right to approve or reject carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by Stradling shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability with broad form property damage and contractual liability	\$1,000,000 combined single limit per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles	\$1,000,000 combined single limit per occurrence
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per occurrence
Professional Liability Insurance	\$1,000,000 per claims made or per occurrence

All liability insurance, except Professional Liability, required by this Agreement shall be at least \$1,000,000 combined single limit per occurrence. Professional Liability may also be provided on a "Claims Made" basis. The minimum aggregate limit for the Commercial General Liability policy shall be \$2,000,000.

The County of Orange shall be added as an additional insured on all insurance policies required by this Agreement with respect to work done by Stradling under the terms of this Agreement (except Workers' Compensation/Employers' Liability and Professional Liability). An additional insured endorsement evidencing that the County of Orange is an additional insured shall accompany the Certificate of Insurance.

All insurance policies required by this Agreement shall be primary insurance, and any insurance maintained by the County of Orange shall be excess and non-contributing with insurance provided by these policies. An endorsement evidencing that the Stradling's insurance is primary and non-contributing shall specifically accompany the Certificate of Insurance for the Commercial General Liability.

All insurance policies required by this Agreement shall give the County of Orange 30 days notice in the event of cancellation. This shall be evidenced by an endorsement separate from the Certificate of Insurance. In addition, the cancellation clause must include language as follows, which edits the pre-printed ACORD certificate:

All insurance policies required by this contract shall give the County of Orange 30 days notice in the event of cancellation and 10 days notice for non-payment of premium. This shall be evidenced by policy provisions or an endorsement separate from the Certificate of Insurance.

All insurance policies required by this Agreement shall waive all rights of subrogation against the County of Orange and members of the Board of Supervisors, its elected and appointed

officials, officers, agents and employees when acting within the scope of their appointment or employment.

If Stradling's Professional Liability policy is a "claims made" policy, Stradling shall agree to maintain professional liability coverage for two years following completion of this Agreement.

The Commercial General Liability policy shall contain a severability of interests clause.

Stradling is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Workers' Compensation or be self-insured in accordance with provisions of that code. Stradling will comply with such provisions and shall furnish the County satisfactory evidence that Stradling has secured, for the period of this Agreement, statutory Workers' Compensation insurance and Employers' Liability insurance with minimum limits of \$1,000,000 per occurrence.

Insurance certificates should be forwarded to the County Executive Office Public Finance Manager.

County expressly retains the right to require Stradling to increase or decrease insurance of any of the above insurance types throughout the term of this Agreement. Any increase or decrease in insurance will be as deemed by County of Orange Risk Manager as appropriate to adequately protect County.

County shall notify Stradling in writing of changes in the insurance requirements. If Stradling does not deposit copies of acceptable certificates of insurance and endorsements with County incorporating such changes within thirty (30) days of receipt of such notice, this Agreement may be in breach without further notice to Stradling, and County shall be entitled to all legal remedies.

Section 20. ***Employee Eligibility Verification.*** Stradling warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and, to the best of its knowledge, that all its employees performing work under this Contract meet the citizenship or alien status requirement set forth in Federal statutes and regulations. Stradling shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal or State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. Stradling shall retain all such documentation for all covered employees for the period prescribed by the law.

Section 21. ***Notices.*** Any and all notices between the County and Stradling provided for or permitted under this Agreement or by law shall be in writing and shall be deemed duly given when personally delivered to one of the parties or in lieu of such personal service, when deposited in the United States mail, postage prepaid, addressed to such party at the following address:

If to the County:

County of Orange
10 Civic Center Plaza, 3rd Floor
Santa Ana, CA 92701-4062
Attention: Public Finance Manager

If to Stradling:

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660
Attention: Robert J. Whalen Esq.
Telephone: (949) 725-4166

Section 22. **Governing Law, Venue and Entire Agreement.** This Agreement has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, withstanding Code of Civil Procedure Section 394.

The parties specifically agree that by entering into and performing under this Agreement, Stradling shall be deemed to be doing business within Orange County within the meaning of Code of Civil Procedure Section 394 from this Agreement's effective date through the expiration of any applicable limitations period. Furthermore, the parties have specifically agreed, as part of the consideration given and received for entering into this Agreement, to waive any and all rights to request that an action be transferred for trial to another county under Code of Civil Procedure Section 394.

Section 23. **Amendment or Modifications.** No amendment, modification or other alteration of this Agreement shall be valid unless in writing and signed by the parties hereto.

Section 24. **Severability.** In the event that any provision herein contained is held to be invalid, void, or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement and such invalidity shall in no way affect, impair, or invalidate any other provision contained herein if there is no substantive effect to the services to be rendered to the County by such judicial finding of invalidity.

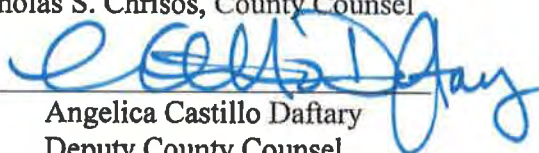
Section 25. **Counterparts.** This Agreement may be executed in any number of counterparts, each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first written above.

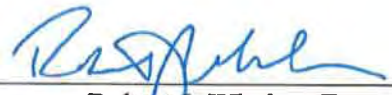
County of Orange, California

By: 
Suzanne Luster
Public Finance Manager

Approved as to Form
Nicholas S. Chrisos, County Counsel

By: 
Angelica Castillo Daftary
Deputy County Counsel

STRADLING YOCCA CARLSON
& RAUTH, A PROFESSIONAL
CORPORATION

By: 
Robert J. Whalen, Esq.

HOURLY FEE SCHEDULE

	<i>Hourly Rate</i>
Shareholders	\$500
Associates	\$295
Paralegals	\$130

Covenant 4. Payment of Taxes and Other Charges. The Successor Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Project Area, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Pledged Tax Revenues or other legally available funds to pay the principal of and interest on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

Covenant 5. Books and Accounts; Financial Statements. The Successor Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Tax Revenues and other funds relating to the Redevelopment Project. The Successor Agency will prepare within one hundred eighty (180) days after the close of each of its Fiscal Years a complete financial statement or statements for such year, in reasonable detail covering the Tax Revenues and other funds, accompanied by an opinion of an Independent Certified Public Accountant appointed by the Bondowners. The Trustee shall have no duty to review the Successor Agency's financial statements. Upon written notice to the Bondowners, the Successor Agency's financial statements may be included as part of the County's Comprehensive Annual Financial Report.

Covenant 6. Eminent Domain Proceeds. The Successor Agency covenants and agrees that if all or any part of the Redevelopment Project Area should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, it shall take all steps necessary to adjust accordingly the base year property tax roll of the Project Area.

Covenant 7. Disposition of Property. The Successor Agency covenants and agrees that it will not, without the prior written consent of the Bondowners, dispose of or remove or cause to be removed any land area in the Project Area (except property shown in the Redevelopment Plan in effect on the Delivery Date as planned for public use, or property to be used for public streets, public offstreet parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt.

Covenant 8. Protection of Security and Rights of Bondowners. The Successor Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondowners and to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that (i) the Law or Refunding Law is unconstitutional or (ii) that the Pledged Tax Revenues pledged under this Indenture cannot be paid to the Successor Agency for the debt service on the Bonds or (b) any other action affecting the validity of the Bonds or diluting the security therefor, including, with respect to the Pledged Tax Revenues, the lien priority position of the Bonds.

Covenant 9. Tax Covenants. The Successor Agency covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any departments or agency thereof that the interest received by the Bondowners is includable in gross income of the recipient

under federal income tax laws. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Bonds will not be adversely affected for federal income tax purposes, the Successor Agency covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The Successor Agency will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other monies or property which would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

(2) Arbitrage. The Successor Agency will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(3) Federal Guaranty. The Successor Agency will make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(4) Information Reporting. The Successor Agency will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(5) Hedge Bonds. The Successor Agency will make no use of the proceeds of the Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either any Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the Successor Agency takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes; and

(6) Taxable Rate. Anything to the contrary in this Indenture notwithstanding, from and after the Date of Taxability following a Determination of Taxability, the Bonds shall bear interest at the Taxable Rate.

(7) Miscellaneous. The Successor Agency will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the Successor Agency in connection with each issuance of Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Covenant 10. Compliance with Dissolution Act. The Successor Agency covenants that in addition to complying with the requirements of Covenant 3, it will comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds in Recognized Obligation Payment Schedules for each six-month period so

as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under this Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under this Indenture for the next payment due thereunder and hereunder in the following six-month period.

Covenant 11. Limitation on Indebtedness. The Successor Agency covenants and agrees that it has not and will not incur any loans, obligations or indebtedness repayable from Pledged Tax Revenues. On or before January 31 of each year, the Successor Agency shall submit a report of an independent redevelopment consultant to the Bondholders, which report shall show the total amount of Tax Increment Revenues remaining available to be received by the Successor Agency under the Redevelopment Plan's cumulative annual debt service with respect to the Bonds. To the extent the Successor Agency determines that the amount of Tax Increment Revenues remaining available to be received by the Successor Agency under the Plan Limitations will not be sufficient in any year to pay the principal of and interest on the Bonds (the "Shortfall Amount"), the Successor Agency shall, to the extent legally permissible, include such Shortfall Amount on future Recognized Obligation Payment Schedule filings and shall deposit such Shortfall Amount received in such year in a separate account of the Debt Service Fund and use such amounts solely for the purpose of paying (or prepaying) debt service on the Bonds.

Covenant 12. Further Assurances. The Successor Agency covenants and agrees to 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 this Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

Covenant 13. Reporting to Original Purchaser. The Successor Agency covenants and agrees to provide or cause to be provided to each Bondowner the following information not later than January 31 following the close of each Fiscal Year of the Successor Agency or at such other time as is indicated below: (a) annual audited financial statements in the form customarily provided by the Successor Agency (which statements may be consolidated with those of the County of Orange); (b) certification of the Successor Agency demonstrating the ratio of Pledged Tax Revenues to scheduled debt service on the Bonds for the prior Fiscal Year; (c) assessed valuation of the taxable property in the Redevelopment Project for the prior Fiscal Year, and top ten taxpayers as shown on the records of the County Assessor for such period; (d) updated information on the Plan Limitations and materials required pursuant to Covenant 11 (relating to tax increment limitations, if any); and (e) such additional information with respect to the Redevelopment Project, the Successor Agency or Pledged Tax Revenues as the Bondholder may from time to time reasonably request. Upon written notice to each Bondowner, any information to be provided pursuant to this covenant may be provided directly to the Bondowners or may be disseminated through the dissemination services provided through EMMA.

Covenant 14. Event of Default. The Successor Agency shall immediately notify the Trustee by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Indenture, together with a detailed statement by an authorized representative of the Successor Agency of the steps being taken by the Successor Agency to cure the effect of such Event of Default.

Covenant 15. Action, Suit or Proceeding. The Successor Agency shall promptly notify the Trustee in writing (and the Trustee shall in turn notify the Bondowners) (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the Successor Agency which involve claims equal to or in excess of \$100,000 or that seeks injunctive relief.

Covenant 16. Material Litigation. The Successor Agency shall promptly notify the Trustee in writing (and the Trustee shall in turn notify the Bondowners) of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact any of the Pledged Tax Revenues.

ARTICLE VI

THE TRUSTEE

Section 6.1 Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Successor Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Successor Agency has knowledge that the Trustee has ceased to be eligible in accordance with subsection (e) of this Section, or has become incapable of acting, or has been adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property has been appointed, or any public officer shall have taken control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving prior written notice of such resignation to the Successor Agency, and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon

receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail, with a copy to the Successor Trustee, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency. Notwithstanding any other provisions of this Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed.

(e) Every successor Trustee appointed under the provisions of this Indenture shall be a trust company or bank in good standing authorized to exercise trust powers or having the powers of a trust company and duly authorized to exercise trust powers within the State having a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(f) The Trustee shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(g) Before taking any action under Article VIII or this Section 6.1 at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or its willful misconduct in connection with any action so taken.

Section 6.2 Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 6.1, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.3 Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the Bonds nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless the Trustee shall have been negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof at its Trust Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms,

conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to Section 5.1 and may rely conclusively on the certificates accompanying such financial statements to establish the Successor Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Pledged Tax Revenues into the Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(f) No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder.

(g) The Trustee may execute any of the trust or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(h) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(i) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

Section 6.4 Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, in the absence of negligence or willful misconduct by the Trustee. The Trustee may consult with counsel, including, without limitation, counsel of or to the Successor Agency, with regard to legal questions, and, in the absence of negligence or willful misconduct by the Trustee, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate of report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

Section 6.5 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times during regular business hours upon reasonable notice to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 6.6 Compensation and Indemnification. The Successor Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Indenture. Upon the occurrence of an Event of Default, the Trustee shall have a first lien on the Pledged Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII hereof.

The Successor Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses and those of its attorneys and advisors of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Successor Agency under this section shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.7 Investment of Moneys in Funds and Accounts. Subject to the provisions of Article V hereof, all moneys held by the Trustee in the Debt Service Fund, Costs of Issuance Fund or the Rebate Fund, shall, at the written direction of the Successor Agency, be invested only in Permitted Investments. If the Trustee receives no written directions from the Successor Agency as to the investment of moneys held in any Fund or Account, the Trustee shall request such written direction from the Successor Agency and, pending receipt of instructions, shall invest such moneys solely in Permitted Investments described in subsection (7) of the definition thereof.

(a) Moneys in the Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency only in obligations permitted by the Law which will by their terms mature not later than the date the Successor Agency estimates the moneys represented by the particular investment will be needed for withdrawal from the Redevelopment Obligation Retirement Fund.

(b) Moneys in the Interest Account and the Principal Account of the Debt Service Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest and principal payment date, there will be in such account, from matured obligations and other moneys already in such account, cash equal to the interest and principal payable on such payment date.

(c) Moneys in the Rebate Fund shall be invested in Defeasance Securities which mature on or before the date such amounts are required to be paid to the United States.

Obligations purchased as an investment of moneys in any of the Funds or Accounts shall be deemed at all times to be a part of such respective Fund or Account and the interest accruing thereon

and any gain realized from an investment shall be credited to such Fund or Account and any loss resulting from any authorized investment shall be charged to such Fund or Account without liability to the Trustee. The Successor Agency or the Trustee, as the case may be, shall sell or present for redemption any obligation purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account as required by this Indenture and shall incur no liability for any loss realized upon such a sale. All interest earnings received on any monies invested in the Interest Account or Principal Account to the extent they exceed the amount required to be in such Account, shall be transferred on each Interest Payment Date to the Debt Service Fund. All interest earnings on monies invested in the Rebate Fund shall be retained in such Fund and applied as set forth in Section 4.4. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 6.7. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.7 hereof. The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

The value of Permitted Investments shall be determined as follows: (i) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (iv) as to any investment not specified above: the value thereof established by prior agreement between the Successor Agency and the Trustee. If more than one provision of this definition of "value" shall apply at any time to any particular investment, the value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment; provided, notwithstanding the foregoing, in making any valuations hereunder, the Trustee may utilize and conclusively rely upon such pricing services as may be regularly available to it, including, without limitation, those within its regular accounting system.

Section 6.8 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts held by it established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency at reasonable hours and under reasonable circumstances with reasonable prior notice. The Trustee shall furnish to the Successor Agency, at least quarterly, an accounting of all transactions made by the Trustee in the form of its regular account statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

Section 6.9 Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee or Successor Agency appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 6.9 are adopted to these ends.

In the event that the Trustee or Successor Agency appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Successor Agency be required by the separate trustee or co-trustee so appointed by the Trustee or Successor Agency for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

In addition to the appointment of a co-trustee hereunder, the Trustee may, at the expense and with the prior written consent of the Successor Agency, appoint any agent of the Trustee in St. Paul, Minnesota, for the purpose of administering the transfers or exchanges of Bonds or for the performance of any other responsibilities of the Trustee hereunder.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.1 Amendment With Consent of Owners. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time, with the written consent of the Owners (except in the case of paragraph (c) below to the extent the effectiveness of such amendment is concurrent with the issuance of the Parity Bonds), by a Supplemental Indenture which shall become binding upon adoption, without consent of any Owners, to the extent permitted by law and for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Successor Agency in this Indenture contained, other covenants and agreements thereafter to be observed or to limit or surrender any rights or power herein reserved to or conferred upon the Successor 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 this Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Bonds pursuant to Section 3.4, and to provide the terms and conditions under which such Parity Bonds 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 Section 3.4; or

(d) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on any of the Bonds, in the opinion of nationally-recognized bond counsel.

Section 7.2 Additional Amendments With Consent of Owners. No modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor 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.

Section 7.3 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.4 Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency, the Owners of such Bonds shall present such Bonds for that purpose at the Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and, in that case upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Trust Office of the Trustee, without cost to such Owners.

Section 7.5 Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

Section 7.6 Opinion of Counsel. The Trustee shall be provided an opinion of counsel that any such Amendment or Supplemental Indenture entered into by the Successor Agency and the

Trustee complies with the provisions of this Article VII and will not cause the interest on the Bonds to be included in the gross income of the Holders of the Bonds for federal income tax purposes and the Trustee may conclusively rely upon such opinion.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.1 Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

(a) if default shall be made in the due and punctual payment of the principal of or interest or redemption premium, if any, on any Bond or Parity Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements (including default by the obligor on any underlying agreement) or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of 30 days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default; or

(c) if the Successor Agency shall commence a voluntary action under Title 11 of the United States Code or any substitute or successor statute.

If an Event of Default has occurred and is continuing, the Trustee may, or if requested in writing by the Owners of the majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall, by written notice to the Successor Agency, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, and (b) upon receipt of indemnity to its satisfaction exercise any other remedies available to the Trustee and the Owners in law or at equity. From and during the continuance of an Event of Default described in (a) above in which payment is not made within ten (10) days of the date such payment is due, or following and during the continuance of an Event of Default described in (b) or (c) above, the Bonds shall bear interest at the Default Rate and, anything to the contrary herein notwithstanding, following and during the continuance of an Event of Default occurring by reason of a breach any of the covenants of Covenant 9 of Section 5.1, the Bonds shall bear interest at the Taxable Rate.

Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone confirmed in writing. Upon the occurrence of an Event of Default, the Trustee may also, with the consent of a majority of the Holders, by written notice to the Successor Agency, declare the principal of the Bonds and Parity Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee shall upon receipt of written direction by the Holders of a majority in aggregate principal amount of the Bonds give such notice to the Successor Agency, and the Owners in the same

manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have 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.)

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit 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 reasonable fees and expenses of the Trustee and the Owners, including but not limited to attorneys fees, 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) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor 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 shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 8.2 Application of Funds Upon Acceleration. All of the Pledged Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.1, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the order following, upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys and counsel including all sums owed the Trustee pursuant to Section 6.6 herein; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds and Parity Bonds for principal and interest, with interest on the overdue principal and installments of interest at the Default Rate then borne by the Outstanding Bonds and Parity Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds and Parity Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest or any Bond or Parity Bonds over any other Bond or Parity Bonds.

Section 8.3 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of

the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.4 Limitation on Owner's Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have 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 shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding, including a writ of mandamus in its own name; (c) said Owners shall 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 shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provisions of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.5 Non-waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium, if any, on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Dissolution Act or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

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

Section 8.6 Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds or Parity Bonds, as applicable, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, provided the Trustee shall have no duty or obligation to enforce any such right or remedy if it has not been indemnified to its satisfaction from loss, liability or any expense including, but not limited to reasonable fees and expenses of its attorneys.

Section 8.7 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Benefits Limited to Parties. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Successor Agency, the Trustee, and the registered Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Successor Agency, the Trustee, and the registered Owners of the Bonds.

Section 9.2 Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.3 Discharge of Indenture. If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

- (i) by well and truly paying or causing to be paid the principal of and interest and premium, if any, on all Outstanding Bonds, including all principal, interest and redemption premiums, if any, or;

(ii) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all Outstanding Bonds, including all principal, interest and redemption premiums, if any, or,

(iii) by irrevocably depositing with the Trustee, in trust, Defeasance Securities in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums, if any) at or before maturity and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture with respect to all Outstanding Bonds shall cease and terminate, except only (a) the obligation of the Trustee to transfer and exchange Bonds hereunder and (b) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency. To accomplish defeasance, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement, (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds; each Verification and defeasance opinion shall be addressed to the Successor Agency and the Trustee.

Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

Section 9.4 Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be provided by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee in good faith and in accordance therewith.

Section 9.5 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor Agency or the County (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

Section 9.6 Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.7 Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds and upon written request of the Successor Agency, provide the Successor Agency a certificate of destruction. The Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.8 Notices. Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, or sent by telegram or facsimile, addressed as follows:

If to the Successor Agency: Successor Agency to the Orange County Development Agency
333 W. Santa Ana Blvd.
Santa Ana, CA 92701
Attention: Public Finance Manager

If to the Trustee: U.S. Bank National Association
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust Services
Ref. Successor Agency to the Orange County Development Agency
(Neighborhood Development and Preservation Project) Tax
Allocation Refunding Bonds, Issue of 2014

If to the Original Purchaser: Compass Mortgage Corporation
c/o Compass Bank
Main Street Banking Center
2020 Main Street, Suite 950
Irvine CA 92614
Attention: Jason W. Polletta

With a copy to:

Mail Delivery
Compass Bank
Credit Risk Operations
P.O. Box 1190
Leander, TX 78646
Attention: Nancy Allen

Overnight Delivery
Compass Bank
Credit Risk Operations
201 North Highway 183
Leander, TX 78641
Attention: Nancy Allen

Section 9.9 Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency hereby declares that it would have adopted this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.1 hereof, be assumed by and vest in the Finance Officer of the Successor Agency in trust for the benefit of the Owners that the Finance Officer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bondowners, pending appointment of a successor Trustee in accordance with the provisions of Section 6.1 hereof.

Section 9.10 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium, if any, on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium, if any, and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium, if any, on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium, if any, on such Bonds.

Section 9.11 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.12 Governing Law. This Indenture shall be construed and governed in accordance with the Laws of the State.

Section 9.13 Payments Due on Other Than a Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this

Indenture, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in this Indenture.

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IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY, has caused this Indenture to be signed in its name by the Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency and attested by the Clerk of the Board, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer hereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE ORANGE
COUNTY DEVELOPMENT AGENCY

By: Supreme Luster
Public Finance Manager of the County of
Orange, California, acting in her capacity as
designee of the Successor Agency to the Orange
County Development Agency

ATTEST:

Joan Park
Clerk of the Board

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

of this Bond at the corporate trust office of U.S. Bank National Association, as trustee (the "Trustee"). Interest hereon (including the final interest payment upon maturity or earlier redemption, if any) is payable by check of the Trustee mailed on the interest payment date by first class mail to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date next preceding such interest payment date; provided, however, that upon the written request of any Registered Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner.

This Bond is one of a duly authorized issue of Bonds of the Successor Agency designated as "Successor Agency to the Orange County Development Agency (Neighborhood Development and Preservation Project) Tax Allocation Refunding Bonds, Issue of 2014" (the "Bonds"), in an aggregate principal amount of Fourteen Million Ninety Thousand Dollars (\$14,090,000), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates or redemption and other provisions) and all issued pursuant to the provisions of the Refunding Law, being Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California ("Refunding Law"), the California Community Redevelopment Law, Part 1 of Division 24 of the Health & Safety Code (commencing with Section 33000) (the "Law"), Parts 1.8 and 1.85 of Division 24 of the Health & Safety Code (commencing with Section 34161) (the "Dissolution Act"), and pursuant to a resolution of the Successor Agency adopted June 17, 2014, a resolution adopted by the Oversight Board (as defined in the Indenture) on June 19, 2014, and an Indenture of Trust, dated as of August 1, 2014, entered into by and between the Successor Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Anything to the contrary in this Bond notwithstanding, from and after the Date of Taxability following a Determination of Taxability, the Bonds shall bear interest at the Taxable Rate. Additional bonds, notes or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the Refunding Law, the Law and the Dissolution Act for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency to refund the Prior Agency's (as defined in the Indenture) previously issued \$26,160,000 aggregate initial principal amount Tax Allocation Refunding Bonds (Neighborhood Development and Preservation Project), Series 2001 (the "2001 Bonds").

The Bonds are special obligations of the Successor Agency and are payable from, and are secured by a pledge of and lien on the Pledged Tax Revenues derived by the Successor Agency from the Project Area (as that term is defined in the Indenture), on a parity with any Parity Bonds which may be issued pursuant to the Indenture.

There has been created and will be maintained by the Successor Agency the Redevelopment Obligation Retirement Fund (as defined in the Indenture) into which Pledged Tax Revenues shall be deposited and transferred to the Trustee for deposit into the Debt Service Fund (as defined in the

Indenture) from which the Trustee shall pay the principal of and the interest and redemption premium, if any, on the Bonds when due. As and to the extent set forth in the Indenture, all such Pledged Tax Revenues are exclusively and irrevocably pledged to and constitute a trust fund for, in accordance with the terms hereof and the provisions of the Indenture, the Refunding Law, the Law and the Dissolution Act, the security and payment or redemption of, including any premium upon early redemption, if any, and for the security and payment of interest on, the Bonds, any additional bonds, notes or other obligations, authorized by the Indenture to be issued on a parity therewith. In addition, the Bonds (and, if the indenture authorizing any loans, advances or indebtedness issued on a parity with the Bonds shall so provide, any such loan, advance or indebtedness) shall be additionally secured at all times by a first and exclusive pledge of and lien upon all of the moneys in the Debt Service Fund, the Interest Account and the Principal Account (as such terms are defined in the Indenture). Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

The Bonds are not subject to redemption prior to maturity and are subject to mandatory sinking fund redemption on each March 1 and September 1, commencing March 1, 2015 on the terms set forth in the Indenture. Notice of redemption shall be given in accordance with the Indenture.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 each and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The Successor Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Successor Agency and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Successor Agency and the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor 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 herein of any Bond without the express written consent of the registered owner of such Bond, reduce the percentage of Bonds required for the written consent to any such amendment

or modification or, without its written consent thereto, modify any of the rights or obligations of the Trustee.

This Bond is not a debt of the County of Orange, the State of California, or any of its political subdivisions (except the Successor Agency), and none of said County, said State, nor any of its political subdivisions (except the Successor Agency) is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Successor Agency as set forth in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Refunding Law, the Law, the Dissolution Act and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Successor Agency to the Orange County Development Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of the Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency and the Clerk of the Board, all as of the Dated Date.

SUCCESSOR AGENCY TO THE ORANGE
COUNTY DEVELOPMENT AGENCY

By:

Public Finance Manager of the County of
Orange, California, acting in her capacity as
designee of the Successor Agency to the Orange
County Development Agency

Clerk of the Board

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture.

Authentication Date: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Clerk of the Board of the Successor Agency to the
Orange County Development Agency

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) _____
attorney, to transfer the same on the
bond register of the Trustee with full power of substitution in the premises.

Dated: _____

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Note: Signature(s) must be guaranteed by
an "eligible guarantor institution."

EXHIBIT B

FORM OF LETTER OF REPRESENTATIONS

Successor Agency to the
Orange County Development Agency
Santa Ana, California

Re: Successor Agency to the Orange County Development Agency Neighborhood
Development Agency Neighborhood Development and Presentation Project Tax
Allocation Bonds, Issue of 2014

The undersigned, _____ (the "Purchaser"), hereby certifies, represents and warrants to the Successor Agency to the Orange County Development Agency (the "Successor Agency") as follows:

(i) The Purchaser has purchased on the date hereof the above-referenced bonds (the "Bonds"), the outstanding principal amount of which is \$ _____, issued pursuant to that certain Indenture of Trust dated as of August 1, 2014 adopted by the governing board of the Successor Agency (the "Indenture"), and acknowledged by the Purchaser, as the original purchaser of the Bonds.

(ii) The Bonds are being acquired by the Purchaser for its own account only and not with a present intent for any resale or distribution thereof, in whole or in part, to others; provided, however, that the Purchaser shall not be precluded from transferring or assigning its interest in the Bonds in accordance with the terms and conditions set forth in the Resolution. The Purchaser is not participating, directly or indirectly, in a distribution of the Bonds and will not take, or cause to be taken, any action that would cause the Purchaser to be deemed an "underwriter" of such Bonds as defined in Section 2(a)(11) of the Securities Act of 1933, as amended (the "Securities Act"). The Purchaser understands that the Successor Agency has no obligation to register the Bonds for resale under the Securities Act. The Purchaser further understands that the Bonds are being sold in a transaction that is exempt from the registration requirements of the Securities Act. The Purchaser acknowledges that the Successor Agency will not be entering into a continuing disclosure agreement for the Bonds pursuant to Section 15c2-12 of the Securities Exchange Act of 1934, as amended.

(iii) The Purchaser has received and carefully read all information and other items of disclosure relating to the Successor Agency and the Bonds that the Purchaser has deemed material (the "Disclosure Items") for it to make an informed investment decision with respect to its purchase of the Bonds and, in connection therewith, has had access to all other materials, books, records, documents, and information relating to the Successor Agency and the Bonds, and has been able to verify the accuracy of, and supplement, the information contained therein. The Purchaser acknowledges that the Successor Agency has prepared no disclosure document in connection with the offering of the Bonds. Purchaser shall have no right to bring any claim for damages against the Successor Agency or the County related to any alleged misstatement or omission of a material fact in the Purchase Agreement.

(iv) The Purchaser has had an opportunity to ask questions of, and receive satisfactory answers from, duly designated representatives of the Successor Agency concerning the terms and

conditions pursuant to which the offer to purchase the Bonds is being made, and is satisfied with the information provided in response to its requests, and is satisfied that its request for such information has been fully complied with by the Successor Agency.

(v) The Purchaser is a commercial bank and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of making a loan of the Bond Proceeds based upon (i) the information (including the information set forth in the Disclosure Items) furnished to it by the Successor Agency; (ii) its or such representative's personal knowledge of the business and affairs of the Successor Agency; (iii) the records, files, and plans of the Successor Agency, to all of which it or such representative has had full access; (iv) such additional information as it or such representative may have requested and have received from the Successor Agency; and (v) the independent inquiries and investigations undertaken by it or such representative.

(vi) The Purchaser represents that it can bear the economic risk of loss of its entire loan; it has adequate means for providing for its current needs and personal contingencies; and it has no need for liquidity with respect to its investment in the Bonds.

(vii) The Purchaser's overall commitment to the loan with the Successor Agency that through the purchase of the Bonds is not disproportionate to its net worth, and its purchase of the Bonds will not cause such overall commitment to become excessive.

(viii) The Purchaser certifies that it is an "accredited investor" within the meaning of Section 2(a)(15) of the Securities Act and applicable state securities laws (a "Qualified Investor").

(ix) No person has given any information or made any representation not contained in any Disclosure Items referred to above or otherwise provided to the Purchaser in writing by a person employed or authorized in writing by the Successor Agency. The Purchaser understands and agrees that any information or representation not contained therein must not, and will not, be relied upon and that nothing contained therein should be construed as legal or tax advice to the Purchaser.

(x) No person has made any direct or indirect representation or warranty of any kind to the Purchaser with respect to the economic return which may accrue to the Purchaser. The Purchaser has consulted with its own tax counsel and other advisors with respect to an investment in the Bonds.

(xi) The signatory of this letter is a duly authorized officer of the Purchaser with the authority to sign this letter on behalf of the Purchaser, and this letter has been duly authorized, executed, and delivered by the Purchaser.

(xii) The Purchaser acknowledges that it has the right to sell and transfer the Bonds to another Qualified Investor in a minimum denomination of \$5,000,000, subject to the delivery to the Trustee of a letter from the transferee to the same effect as this Letter of Representations, with no revisions except as may be approved in writing by the Successor Agency. The Purchaser understands that the Trustee will not be required to accept for registration of transfer any Bonds unless such transferee is a Qualified Investor and the letter is delivered to the Trustee, and failure to deliver such letter shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the Successor Agency, the County and the Trustee with respect to any claim asserted against the Successor Agency, the County or the Trustee that is based upon a sale, transfer or other disposition of the Bonds in violation of the provisions of the Resolution.

(xiii) The Purchaser agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act, (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bond and the Indenture. The Purchaser further agrees that it will not transfer the Bonds to be held in a pool, trust or similar arrangement.

(xiv) The Purchaser understands that the purchase of the Bonds involves significant investment risks.

Dated: _____

[PURCHASER]

By: _____

Name: _____

Title: _____

INDENTURE OF TRUST

Dated as of August 1, 2014

by and between

**SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

Relating to

\$14,090,000

**SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY
(NEIGHBORHOOD DEVELOPMENT AND PRESERVATION PROJECT)
TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2014**

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INDENTURE OF TRUST

This INDENTURE OF TRUST (this "Indenture") is dated as of August 1, 2014, by and between the SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY, a public body corporate and politic, duly organized and existing under the laws of the State of California (the "Successor Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the Orange County Development Agency (the "Prior Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the "Law"), and the powers of the Prior Agency included the power to issue Bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for a redevelopment project known and designated as the Neighborhood Development and Preservation Project ("Project Area") has been adopted and subsequently amended in compliance with all requirements of the Law (as defined herein), and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Prior Agency has previously issued its \$26,160,000 aggregate principal amount of Orange County Development Agency Tax Allocation Refunding Bonds (Neighborhood Development and Preservation Project) Series 2001 (the "2001 Bonds"); and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-in Bill"); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the Prior Agency being dissolved as of February 1, 2012; and

WHEREAS, pursuant to the Dissolution Act the powers, assets and obligations of the Prior Agency were transferred on February 1, 2012 to the Successor Agency; and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, AB1484 specifically authorizes the issuance of refunding bonds by the Successor Agency pursuant to the Refunding Law (as defined herein) to refund the bonds or other indebtedness of the Prior Agency to provide savings to the Successor Agency, provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds shall not exceed the total remaining interest cost to maturity on the bonds to be refunded plus the remaining principal of the bonds to be refunded, and (B) the principal amount of the refunding bonds shall not exceed the amount required to defease the refunded bonds, to establish customary debt service reserves, and to pay related costs of issuance; and

WHEREAS, for the corporate purposes of the Successor Agency, the Successor Agency deems it necessary to issue at this time tax allocation refunding bonds in a principal amount not to exceed Fourteen Million Ninety Thousand Dollars (\$14,090,000) (the "Bonds"), and to irrevocably set aside a portion of the proceeds of such Bonds in a separate segregated trust fund which will be used to refund the outstanding 2001 Bonds of the Prior Agency, to pay costs in connection with the issuance of the Bonds and to make certain other deposits as required by this Indenture; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium, if any, thereon, the Successor Agency and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Successor Agency hereby certifies that all acts and proceedings required by law necessary to make the Bonds, when executed by the Successor Agency, and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the Successor Agency, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and redemption premium, if any, on all the Bonds issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Successor Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.1 Findings and Determinations. The Successor Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

Section 1.2 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.2 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"Act" means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

"Annual Debt Service" means, for any Bond Year, the principal and interest payable on the Outstanding Bonds in such Bond Year.

"Authorized Officer of the Agency" means the Chair and the Clerk of the Successor Agency, or the Public Finance Manager or Chief Financial Officer of the County of Orange, California, acting in his/her capacity as designee of the Successor Agency to the Orange County Development Agency.

"Bond Counsel" means (a) Stradling Yocca Carlson & Rauth, a Professional Corporation, or (b) any other attorney or firm of attorneys acceptable to the Successor Agency of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions.

"Bond", "Bonds" or "2014 Bonds" means the (Neighborhood Development and Preservation Project) Tax Allocation Refunding Bonds, Issue of 2014, authorized by and at any time Outstanding pursuant to this Indenture.

"Bond Year" means the twelve (12) month period commencing on September 2 of each year, provided that the first Bond Year shall extend from the Delivery Date to September 1, 2015.

"Bondowner" or "Owner", or any similar term, means any person who shall be the registered owner or his duly authorized attorney, trustee or representative of any Outstanding Bond.

"Business Day" means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city in which the corporate trust office of the Trustee is located are authorized to close, or (ii) a day on which the New York Stock Exchange is closed.

"Certificate" or "Certificate of the Successor Agency" means a Written Certificate of the Successor Agency.

"Chairman" means the chairman of the Successor Agency or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution or bylaw to perform the functions of the chairman in the event of the chairman's absence or disqualification.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

"Computation Year" means, with respect to the Bonds, the period beginning on the Delivery Date and ending on September 1, 2015, and each 12-month period ending on September 1 thereafter until there are no longer any Bonds Outstanding.

"Corporate Trust Office" means the corporate trust office of the Trustee, currently U.S. Bank National Association in Los Angeles, California, except for exchange, surrender and payment of the Bonds, in which case "Corporate Trust Office" shall refer to the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota, or such other or additional offices as may be specified to the Successor Agency by the Trustee in writing.

"Costs of Issuance" means the costs and expenses incurred in connection with the issuance and sale of the Bonds including the initial fees and expenses of the Trustee, rating agency fees, legal fees and expenses (including legal fees of counsel to the Original Purchaser), costs of printing the

Bonds, fees of financial consultants and other fees and expenses set forth in a Written Certificate of the Successor Agency.

"Costs of Issuance Fund" means the trust fund established in Section 3.3 of this Indenture.

"County" means the County of Orange, California.

"Date of Taxability" means the date from and for which interest on the Bonds is subject to federal income taxation as a result of a Determination of Taxability.

"Debt Service Fund" means the trust fund established in Section 4.2 of this Indenture.

"Default Rate" means four and one-half percent (4.50%) per annum based on a 360-day year of twelve thirty-day months.

"Delivery Date" means the date on which the Bonds are delivered to the initial purchaser thereof.

"Determination of Taxability" means any determination, decision, or decree made by the Commissioner or any District Director of the Internal Revenue Service, or by any court of competent jurisdiction, that as a result of any actions or omissions of the Successor Agency or the Prior Agency with respect to the 2001 Bonds the interest payable on the Bonds is includable in the gross income for federal income tax purposes of the Bondowner, provided, however, that no such Determination of Taxability shall be deemed to have occurred if the Successor Agency is contesting such determination, in good faith and is diligently proceeding with to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, or (b) abandonment of such appeal by the Successor Agency.

"Dissolution Act" means Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State of California.

"DOF" means the California Department of Finance.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Fiscal Year" means any twelve (12) month period beginning on July 1st and ending on the next following June 30th.

"Fund or Account" means any of the funds or accounts referred to herein.

"Governmental Authority" means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

"Indenture" means that certain Indenture of Trust dated as of August 1, 2014, between the Successor Agency and U.S. Bank National Association, approved by Resolution No. 14-048, adopted

by the Successor Agency on June 17, 2014, and Resolution No. 14-003, adopted by the Oversight Board on June 19, 2014, authorizing the issuance of the Bonds.

"Independent Financial Consultant" "Independent Engineer" "Independent Certified Public Accountant" or "Independent Redevelopment Consultant" means any individual or firm engaged in the profession involved, appointed by the Successor Agency, and who, or each of whom, has demonstrated experience (as determined by the Successor Agency in good faith) in the field in which his/her opinion or certificate will be given, and:

- (1) is in fact independent and not under domination of the Successor Agency;
- (2) does not have any substantial interest, direct or indirect, in the Successor Agency; and
- (3) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Interest Account" means the account by that name referenced in Section 4.3 of this Indenture.

"Interest Payment Date" means each March 1 and September 1, commencing March 1, 2015 so long as any of the Bonds remain Outstanding hereunder.

"Law" means the Community Redevelopment Law of the State of California as cited in the recitals hereof.

"Letter of Representations" means a letter substantially in the form attached hereto as Exhibit B delivered by each purchaser of the Bonds to the District to the effect, among other things, that such purchaser (a) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Bonds, (b) is acquiring the Bonds for its own account for the purpose of investment and not with a view to the distribution thereof, and (c) has no present intention of selling, negotiating, transferring, or otherwise disposing of the Bonds so purchased.

"Material Adverse Effect" means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the Successor Agency; (b) the ability of the Successor Agency to carry out its business in the manner conducted as of the date of this Indenture or to meet or perform its obligations under this Indenture on a timely basis; (c) the validity or enforceability of this Indenture; or (d) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

"Material Litigation" means any action, suit, proceeding, inquiry or investigation against the Successor Agency in any court or before any arbitrator of any kind or before or by any Governmental Authority, of which the Successor Agency has notice or knowledge and which, (a) if determined adversely to the Successor Agency, may have a Material Adverse Effect; (b) seek to restrain or enjoin any of the transactions contemplated hereby or by this Indenture; or (c) may adversely affect (i) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes; or (ii) the ability of the Successor Agency to perform its obligations under this Indenture.

“Maximum Annual Debt Service” means the largest of the sums obtained for any Bond Year after the computation is made, by totaling the following for each such Bond Year:

(1) The principal amount of all Bonds and Parity Bonds, if any, and the amount of any sinking account payments payable in such Bond Year; and

(2) The interest which would be due during such Bond Year on the aggregate principal amount of Bonds and Parity Bonds which would be outstanding in such Bond Year if the Bonds and Parity Bonds outstanding on the date of such computation were to mature or be redeemed in accordance with the maturity schedules for the Bonds and Parity Bonds. At the time and for the purpose of making such computation, the amount of Term Bonds and Term Parity Bonds already retired in advance of the above-mentioned schedules shall be deducted pro rata from the remaining amounts thereon.

“Opinion of Counsel” means a written opinion of an attorney or firm of attorneys of favorable reputation in the field of municipal bond law. Any opinion of such counsel may be based upon, insofar as it is related to factual matters, information which is in the possession of the Successor Agency as shown by a certificate or opinion of, or representation by, an officer or officers of the Successor Agency, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which his or her opinion may be based, as aforesaid, is erroneous.

“Original Purchaser” means Compass Mortgage Corporation, and with respect to each issue of Parity Bonds the institution or institutions, if any, with whom the Successor Agency enters into a purchase contract for the sale of such issue.

“Outstanding” means, when used as of any particular time with reference to Bonds, subject to the provisions of this Indenture, all Bonds theretofore issued and authenticated under this Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and authenticated pursuant to this Indenture.

“Oversight Board” means the oversight board duly constituted from time to time pursuant to Section 34179 of the Dissolution Act.

“Parity Bonds” means any additional tax allocation bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) issued by the Successor Agency as permitted by Section 3.4 of this Indenture.

“Pass-Through Agreements” means the agreements of the Prior Agency entered into prior to the date hereof pursuant to Section 33401 of the Health and Safety Code.

“Paying Agent” means any paying agent appointed by the Successor Agency pursuant to the Indenture.

"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:

(1) Cash (insured at all times by the Federal Deposit Certificate Insurance Corporation or collateralized as per California law).

(2) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest, when such obligations have a remaining maturity of five years or less.

(3) Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise, which obligations have a remaining maturity of five years or less.

(4) U.S. dollar denominated deposit accounts, including time deposits, trust funds, trust accounts, interest-bearing deposits, overnight bank deposits, interest-bearing money market accounts, federal funds and bankers' acceptances with domestic commercial banks, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase or are FDIC insured. (Ratings on holding companies are not considered as the rating of the bank).

(5) Eligible commercial paper shall be of "prime" quality of the highest ranking or of the highest letter and number rating as provided by a Nationally Recognized Statistical Rating Organization (NRSRO), shall not exceed 270 days maturity. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

a) Has total assets in excess of five hundred million dollars (\$500,000,000), is organized and operating within the United States as a general corporation, and has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.

b) Is organized in the United States as a special purpose corporation, trust, or limited liability company, has program-wide credit enhancements including, but not limited to overcollateralization, letters of credit or a surety bond, has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

(6) Negotiable certificates of deposit issued by a U.S. national or state-chartered bank, savings bank, savings and loan association, or credit union in this state or state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank. Issuing banks must have a short-term rating of not less than A1/P1 and a long-term rating of not less than an "A" from at least two NRSRO, if any.

(7) Shares of beneficial interest issued by diversified management companies that are mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.), which only invest in direct obligations in U.S. Treasury bills, notes and bonds, U.S. Government Agencies and repurchase agreements and must have a minimum of \$500 million in assets under management. Such funds should have attained the highest ranking or the highest letter and numerical rating provided by no less than two NRSROs.

(8) Repurchase agreements with financial institutions insured by the FDIC; or a bank or other financial institution rating in the top two rating categories by one or more NRSRO's; provided that (i) the over-collateralization is at one hundred two percent (102%), computed weekly, consisting of US Treasury securities or direct obligations of FNMA, FHLMC, FFCB, and FHLB, (ii) a third party custodian shall have possession of such obligations; (iii) the Trustee shall have perfected a first priority security interest in such obligations; and (iv) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral.

(9) Shares of beneficial interest issued by diversified management companies, or a joint powers authority organized pursuant to Government Code Section 6509.7 that invest in the securities and obligations as authorized under 53601 (l) (a) to (o), inclusive, and that comply with the investment restrictions of this article and Article 2. in which the Successor Agency is statutorily permitted or required to invest.

(10) Investment agreements with providers rated not lower than the second highest category (without regard to gradations within such category) by at least two nationally recognized rating agencies, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that if the provider is downgraded by one or more nationally recognized rating agency to below the second highest category, the agreement shall (i) be fully collateralized at 105% by Treasuries or at 106% by Federal Agencies or (ii) terminate.

(11) The Orange County Investment Pool.

"Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Pledged 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, (c) the period of time for receiving tax revenues for any purpose, established pursuant to Section 33333.4 or 33333.6 of the Law, in each case as applicable.

"Pledged Tax Revenues" means the portion of the monies deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Agency on or after the date of issue of the Bonds, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including (a) 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 (b) all amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund of the Successor Agency in any Fiscal Year pursuant to Section 33334.3 of the Law, to the extent permitted to be applied to the payment of principal, interest and premium, if any, with respect to the 2014 Bonds and any Parity Bonds, but excluding all amounts of such taxes required to be paid by the Successor Agency pursuant to the Pass-Through Agreements, except to the extent such payments are subordinated to the pledge of Pledged Tax Revenues hereunder. In accordance with the Dissolution Act, the Bonds and Parity Bonds shall be payable from and secured by, and Pledged Tax Revenues shall include, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Health & Safety Code Section 34183. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are

invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution; subject to any prior claims against such revenues under such sections.

"Principal Account" means the account by that name referenced in Section 4.3 of this Indenture.

"Prior Agency" means the Orange County Development Agency.

"Rebate Regulations" means the final Treasury Regulations issued under Section 148(f) of the Code.

"Recognized Obligation Payment Schedule" means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the Dissolution Act.

"Redevelopment Plan" means the Redevelopment Plan for the Neighborhood Development and Preservation Project, approved and adopted by the Board of Supervisors of the County by Ordinance No. 3720 on June 28, 1988 and includes any amendment thereof, hereafter or heretofore made pursuant to the Law or other applicable law.

"Redevelopment Obligation Retirement Fund" means the fund by that name established pursuant to Health & Safety Code Section 34170.5 (b) and administered by the Successor Agency.

"Redevelopment Project Area," "Redevelopment Project" or "Project Area" means the area within the Neighborhood Development and Preservation Project as described in the Redevelopment Plan.

"Redevelopment Property Tax Trust Fund" or "RPTTF" means the fund by that name established pursuant to Health & Safety Code Sections 34170.5(a) and 34172(c) and administered by the County auditor-controller.

"Refunded Bonds" means the 2001 Bonds.

"Refunding Law" means Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

"Record Date" means the fifteenth day of the month preceding any Interest Payment Date whether or not such day is a Business Day.

"Report" means a document in writing signed by an Independent Financial Consultant and including:

(a) A statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates;

(b) A brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(c) A statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"State" means the State of California, United States of America.

"Supplemental Indenture" means any indenture then in full force and effect which has been duly adopted by the Successor Agency under the Dissolution Act, or any act supplementary thereto or amendatory thereof, at a meeting of the Successor Agency duly convened and held, of which a quorum was present and acted thereon, amendatory of or supplemental to this Indenture or any indebtedness entered into in connection with the issuance of Parity Bonds; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Taxable Rate" means four and one-half percent (4.50%) per annum based on a 360-day year of twelve thirty-day months.

"Tax Certificate" means that certain Tax Certificate executed by the Successor Agency with respect to the Bonds.

"Term Bonds" means, collectively, (a) the Bonds, maturing on September 1, 2022, which are not serial bonds, and (b) any maturity of Parity Debt which is subject to mandatory sinking account redemption pursuant to the instrument authorizing the issuance thereof.

"Trustee" means U.S. Bank National Association, a national banking association, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in this Indenture.

"2001 Bonds" means the Prior Agency's \$26,160,000 Tax Allocation Refunding Bonds (Neighborhood Development and Preservation Project), Series 2001.

"2001 Bonds Escrow Bank" means U.S. Bank National Association, a national banking association, as escrow bank under the Escrow Agreement.

"2001 Bonds Escrow Fund" means the trust fund established under the 2001 Bonds Escrow Agreement.

"2001 Bonds Escrow Agreement" means the 2001 Bonds Escrow Agreement between the Successor Agency and the 2001 Bonds Escrow Bank.

"2001 Indenture" means the Indenture of Trust dated as of July 1, 2001 providing for the issuance of the 2001 Bonds.

"Written Request of the Successor Agency" or "Written Certificate of the Successor Agency" means a request or certificate, in writing signed by the Public Finance Manager or Chief Financial Officer of the County of Orange, California, acting in his/her capacity as designee of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

Section 1.3 Rules of Construction. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and

the words "herein", "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.1 Authorization of Bonds. Bonds in the aggregate principal amount of Fourteen Million Ninety Thousand Dollars (\$14,090,000) are hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture, the Refunding Law, the Law and the Dissolution Act. This Indenture constitutes a continuing agreement with the Trustee for the benefit of the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums, if any, and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "Successor Agency to the Orange County Development Agency (Neighborhood Development and Preservation Project) Tax Allocation Refunding Bonds, Issue of 2014."

The Bonds shall be and are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, on a parity with any Parity Bonds from Pledged Tax Revenues and other funds as hereinafter provided. The Bonds, interest and premium, if any, thereon are not a debt of the County, the State or any of its political subdivisions (except the Successor Agency), and none of the County, the State nor any of its political subdivisions (except the Successor Agency) is liable on them. In no event shall the Bonds, interest thereon and premium, if any, be payable out of any funds or properties other than those of the Successor Agency as set forth in this Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Successor Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Bonds shall be and are equally secured together with any Parity Bonds, by an irrevocable pledge of the Pledged Tax Revenues and other funds as hereinafter provided, without priority for number, maturity, date of sale, date of execution or date of delivery, except as expressly provided herein.

Nothing in this Indenture shall preclude: (a) the payment of the Bonds from the proceeds of refunding bonds issued pursuant to the Law or the Refunding Law, or (b) the payment of the Bonds from any legally available funds. Nothing in this Indenture shall prevent the Successor Agency from making advances of its own funds, however derived, to any of the uses and purposes mentioned in this Indenture.

The Successor Agency shall have the right to defease the Bonds and be discharged from the lien of this Indenture in accordance with the provision of Section 9.3 hereof. If the Successor Agency shall cause to be paid, or shall have made provision to pay upon maturity or upon redemption prior to maturity, to the Bondowners the principal of, premium, if any, and interest to become due on the Bonds, through setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to this Indenture or otherwise, or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account with a fiscal agent or otherwise, moneys sufficient therefor, including, but not limited to, interest earned or to be earned on

the investment of such funds, then the lien of this Indenture, including, without limitation, the pledge of the Pledged Tax Revenues, and all other rights granted hereby, shall cease, terminate and become void and be discharged and satisfied, and the principal of, premium, if any, and interest on the Bonds shall no longer be deemed to be outstanding and unpaid; provided, however, that nothing in this Indenture shall require the deposit of more than such amount as may be sufficient, taking into account both the principal amount of such funds and the interest to become due on the investment thereof, to implement any refunding of the Bonds.

Section 2.2 Term of Bonds. The Bonds shall be issued in the form of a single fully registered Bond (which may be typewritten) without coupons in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof and the Bonds shall mature on the date and in the amount and shall bear interest at the rate per annum as follows:

<i>Maturity Date</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
September 1, 2022	\$14,090,000	2.75%

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner. So long as Compass Mortgage Corporation is the Owner of the Bonds, all payments of principal of and interest on the Bonds shall be made in accordance with the following wire instructions:

Compass Mortgage Corporation
201 North Hwy 183
Leander, TX 78641
(512) 421-5715

ABA#: 113-010-547
For Credit to: Account 90124099
bbi: DO NOT POST CONTACT: LDFCPublicFinance@BBVACompass.com
Reference: Loan #Successor Agency to the Orange County Development Agency

Principal of and redemption premium, if any, on any Bond shall be paid upon presentation and surrender thereof, at maturity or redemption, at the Trust Office of the Trustee; provided, however, that with respect to the Bonds, mandatory sinking fund payments under Section 2.3 hereof shall be payable without the requirement for the Bond or Bonds to be presented and surrendered at the Office of the Trustee. The Trustee shall note on its Bond Register the remaining outstanding principal amount of each Bond subsequent to each sinking fund payment, which, absent manifest error, shall be binding and conclusive as to the outstanding principal amount of such Bond. Notwithstanding the foregoing, principal on the Bonds payable at maturity pursuant to 2.3(b) shall be payable only upon presentation and surrender thereof at the Office of the Paying Agent, or at the designated office of

any successor Trustee. Both the principal of and interest and premium, if any, on the Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months. In the circumstances described in Section 5.1, Covenant 9, the Bonds shall bear interest at the Taxable Rate.

Each Bond shall be initially dated as of the Delivery Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) 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 (b) a Bond is authenticated on or before February 15, 2015, in which event it shall bear interest from the Delivery Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.3 Redemption of Bonds.

(a) Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

(b) Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 2022 shall be subject to redemption in part by lot, from sinking account installments deposited in the 2014 Bonds Principal Account on each March 1 and September 1, on and after September 1, 2014, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, according to the following schedule:

**Mandatory Sinking Account Redemption of 2014 Term Bonds
Maturing on September 1, 2022 in the Amount of \$14,090,000**

<i>Sinking Fund Redemption Date (September 1 and March 1)</i>	<i>Principal Amount to be Redeemed or Purchased</i>
March 1, 2015	\$815,000
September 1, 2015	815,000
March 1, 2016	845,000
September 1, 2016	850,000
March 1, 2017	870,000
September 1, 2017	870,000
March 1, 2018	895,000
September 1, 2018	895,000
March 1, 2019	915,000
September 1, 2019	920,000
March 1, 2020	940,000
September 1, 2020	945,000
March 1, 2021	965,000
September 1, 2021	970,000
March 1, 2022	790,000
September 1, 2022	790,000

In lieu of redemption of the Term Bonds pursuant to this subsection (b), amounts on deposit in the Special Fund (to the extent not required to be transferred to the Trustee pursuant to Section 4.3 during the current Bond Year) may also be used and withdrawn by the Successor Agency at any time for the purchase of such Bonds at public or private sale as and when at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any of such Bonds so purchased by the Successor Agency and delivered to the Trustee for cancellation in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of Bonds required to be redeemed pursuant to this subsection (b) on September 1 in such year.

(c) Notice of Redemption. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Successor Agency delivered to the Trustee; provided, however, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such 2014 Bonds or the cessation of the accrual of interest thereon. Notice of redemption of the Bonds (other than notice of mandatory Sinking Account redemption pursuant to Section 2.3(b) and other than notice that refers to 2014 Bonds which are the subject of an advance refunding) shall be given only if sufficient funds have been deposited with the Trustee to pay the redemption price of the Bonds to be redeemed. Such notice shall state the redemption date and the redemption price, shall designate the CUSIP number (if any) 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) unless all Bonds within a maturity have been called, 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 Trust 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.

(d) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender thereof the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(e) Effect of Redemption. 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 shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(f) Manner of Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Section 2.4 Form of Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.5 Execution of Bonds. The Bonds shall be executed on behalf of the Successor Agency by the signature of its Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency and the signature of its Clerk who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Successor Agency although on the date of such Bond any such person shall not have been such officer of the Successor Agency.

Only such of the Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A hereto, manually executed and dated by and in the name of the Trustee by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Bonds are issued pursuant to Section 2.9 hereof, the temporary Bonds shall bear thereon a certificate of authentication manually executed and dated by the Trustee, shall be initially registered by the Trustee, and, until so exchanged as provided under Section 2.9 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.6 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered; in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for registration of transfer, the Successor Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denominations. The Trustee shall collect any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.6. The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any exchange or transfer shall be paid by the Successor Agency.

The Trustee may refuse to transfer, under the provisions of this Section 2.6, either (a) any Bonds during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption pursuant to the provisions of Section 2.3.

Section 2.7 Exchange of Bonds. Bonds may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.7. The cost of printing any Bonds

and any services rendered or any expenses incurred by the Trustee in connection with any exchange or transfer shall be paid by the Successor Agency.

The Trustee may refuse to exchange, under the provisions of this Section 2.7, either (a) any Bonds during the period established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption pursuant to the provisions of Section 2.3.

Section 2.8 Registration Books. The Trustee will keep or cause to be kept, at its Trust Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection by the Successor Agency with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as hereinbefore provided.

Section 2.9 Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Successor Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Successor Agency upon the same conditions and in substantially the same manner as the definitive Bonds. If the Successor Agency issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.10 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon deliver, a new Bond of like amount and maturity in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Successor Agency and the Trustee and, if such evidence is satisfactory to both and indemnity satisfactory to them shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like amount and maturity in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Successor Agency may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.10 and of the expenses which may be incurred by the Successor Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Bond so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

Notwithstanding the foregoing, a Bond Owner may only transfer the Bonds so long as the Bonds are transferred to a new Bond Owner who has delivered a Letter of Representations (in the form attached as Exhibit B hereto) to the Successor Agency. An Owner of the Bonds may only transfer Bonds in aggregate principal amounts of not less than \$5,000,000 to an "accredited investor"

within the meaning of Section 2(a)(15) of the Securities Act of 1933, as amended; provided that such transferee executes a Letter of Representations. Any transfer of Bonds that is not made in accordance with this Section 2.10 shall be null and void.

Section 2.11 Book-Entry Only System. (1)(a) The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each maturity. Upon initial delivery, the Bonds shall be registered in the Bond Register in the name of the Original Purchaser of the Bonds and shall not be delivered in book-entry form. Upon request of the Owners of all Outstanding Bonds, the Bonds will be converted to book-entry Bonds and become subject to the provisions of this Section 2.11(b). (b) It is intended that the Bonds be registered so as to participate in a securities depository system with DTC (the "DTC System"), as set forth herein. The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds in the name of Compass Mortgage Corporation. The Successor Agency and the Trustee are authorized to execute and deliver such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including a representation letter in the form required by DTC (the "Representation Letter"). In the event of any conflict between the terms of any such letter or agreement, including the Representation Letter, and the terms of this Indenture, the terms of this Indenture shall control. DTC may exercise the rights of a Bondholder only in accordance with the terms hereof applicable to the exercise of such rights.

(2) With respect to the Bonds registered in the books of the Trustee in the name of Cede & Co., as nominee of DTC, the Successor Agency and the Trustee, shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "DTC Participant") or to any person on behalf of whom such a DTC Participant directly or indirectly holds an interest in the Bonds (each such person being herein referred to as an "Indirect Participant"). Without limiting the immediately preceding sentence, Successor Agency and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (b) the delivery to any DTC Participant or any Indirect Participant or any other person, other than a Bondholder, as shown in the Register, of any notice with respect to the Bonds, including any notice of redemption, (c) the payment to any DTC Participant or Indirect Participant or any other Person, other than a Bondholder, as shown in the Register, of any amount with respect to principal of, premium, if any, or interest on, the Bonds or (d) any consent given by DTC as registered owner. So long as certificates for the Bonds are not issued pursuant to Section 2.12 and the Bonds are registered to DTC, the Successor Agency, and the Trustee shall treat DTC or any successor securities depository as, and deem DTC or any successor securities depository to be, the absolute owner of the Bonds for all purposes whatsoever, including without limitation (i) the payment of principal and interest on the Bonds, (ii) giving notice of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds and (iv) the selection of Bonds for redemption. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Bond certificate with respect to any Bond. Notwithstanding any other provision of this Indenture to the contrary, so long as any of the Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the Representation Letter.

(3) Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this

Indenture with respect to interest checks being mailed to the registered owner at the close of business on the Record Date applicable to any Interest Payment Date, the name "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 2.12 Successor Securities Depository; Transfers Outside Book-Entry Only System. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Successor Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. The Successor Agency, without the consent of any other person, but following written notice to the Successor Agency and the Trustee, may terminate the services of DTC with respect to the Bonds. Upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to the foregoing provisions, unless a substitute securities depository is appointed to undertake the functions of DTC hereunder, the Successor Agency, at the expense of the Successor Agency, is obligated to deliver Bond certificates to the beneficial owners of the Bonds, as described in this Indenture, and the Bonds shall no longer be restricted to being registered in the books of the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names the Bondowner transferring or exchanging Bonds shall designate to the Trustee in writing, in accordance with the provisions of this Indenture. The Successor Agency may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, as may be acceptable to the Successor Agency, or such depository's agent or designee.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS; PARITY DEBT

Section 3.1 Issuance of Bonds. Upon the execution and delivery of this Indenture and receipt by the Successor Agency of evidence satisfactory to it of satisfaction of the conditions precedent to issuance of the Bonds, the Successor Agency shall execute and deliver Bonds in the aggregate principal amount of Fourteen Million Ninety Thousand Dollars (\$14,090,000) to the Trustee and the Trustee shall authenticate and deliver the Bonds upon the Written Request of the Successor Agency.

Section 3.2 Application of Proceeds of Bonds. (a) On the Delivery Date the proceeds of sale of the Bonds (being \$14,090,000, constituting the par amount of Bonds) shall be paid to the Trustee and said amount together with moneys transferred from the Funds and Accounts held in connection with the Refunded Bonds shall be applied as follows:

(i) Trustee shall transfer the amount of \$13,905,155.00 to the 2001 Bonds Escrow Bank for deposit in the 2001 Bonds Escrow Fund pursuant to the 2001 Bonds Escrow Agreement; and

(ii) The Trustee shall deposit the amount of \$184,845.00 from Bond proceeds into the Costs of Issuance Fund.

The Trustee may establish a temporary fund or account in its records to facilitate and record such deposits and transfers.

Moneys deposited in the 2001 Bonds Escrow Fund pursuant to Section 3.2 hereof shall be held by the 2001 Bonds Escrow Bank and used to pay the principal of and interest on the 2001 Bonds in accordance with the provisions of the 2001 Bonds Escrow Agreement.

Section 3.3 Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said Fund. On the date which is four (4) months following the Delivery Date, or upon the earlier Written Request of the Successor Agency, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Debt Service Fund and the Trustee shall close the Costs of Issuance Fund.

Section 3.4 Issuance of Parity Bonds. In addition to the Bonds, subject to the requirements of this Indenture, the Successor Agency may issue or incur Parity Bonds in such principal amount as shall be determined by the Successor Agency solely for the purpose of refunding all (but not less than all) of the Bonds, pursuant to a separate or Supplemental Indenture adopted or entered into by the Successor Agency and the Trustee and for such purposes as are permitted under the Dissolution Act, including without limitation Section 34177.5 thereof. The Successor Agency may issue or incur such Parity Bonds subject to the following specific conditions precedent:

- (a) The Successor Agency will be in compliance with all covenants set forth in this Indenture;
- (b) The Oversight Board shall have approved the issuance of Parity Bonds;
- (c) The Parity Bonds will be on such terms and conditions as may be set forth in a separate or Supplemental Indenture, which will provide for (i) bonds substantially in accordance with this Indenture;
- (d) Receipt of a certificate or opinion of an Independent Financial Consultant stating that the conditions of Section 34177.5(a)(1) for the issuance of refunding bonds have been met, together with supporting schedules demonstrating such conditions have been met.
- (e) The Parity Bonds will mature on and interest will be payable on the same dates as the Bonds (except the first interest payment may be from the date of the Parity Bonds until the next succeeding March 1 or September 1) provided, however, nothing herein shall preclude the Successor Agency from issuing and selling Parity Bonds which do not pay current interest.

Section 3.5 Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of his obligation with respect to the Redevelopment Project.

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.1 Security of Bonds; Equal Security. Except as provided in Sections 4.2 and 6.6, the Bonds shall be equally secured by a pledge and lien on all of the Pledged Tax Revenues and on all of the moneys in the Redevelopment Obligation Retirement Fund and the Debt Service Fund (including the Interest Account and the Principal Account therein) on a parity with the first pledge of and lien thereon of the Parity Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

In consideration of the acceptance of the Bonds by those who shall own the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 4.2 Redevelopment Obligation Retirement Fund, Debt Service Fund, Deposit of Pledged Tax Revenues. There has been established a special trust fund known as the "Redevelopment Obligation Retirement Fund," which shall be held by the Successor Agency pursuant to Section 34170.5(b) of the Dissolution Act. There is hereby established a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee in accordance with this Indenture. The Successor Agency shall deposit all of the Pledged Tax Revenues received in any Bond Year from the RPTTF in accordance with the Dissolution Act in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund established and held under this Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account and the Principal Account in such Bond Year pursuant to Section 4.3 of this Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in any Supplemental Indenture.

Section 4.3 Transfer of Amounts by the Trustee. There are hereby created accounts within the Debt Service Fund as set forth below, to be known respectively as the 2014 Bonds Interest Account and the 2014 Bonds Principal Account. Moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts at the following times, for deposit in the following respective accounts within the Debt Service Fund, which are hereby established with the Trustee, in the following order of priority:

(a) 2014 Bonds Interest Account. On or before the 5th Business Day preceding each Interest Payment Date, the Trustee will withdraw from the Debt Service Fund and transfer to the 2014 Bonds Interest Account an amount which, when added to the amount contained in the 2014 Bonds Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and

deposit need be made to the 2014 Bonds Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. Subject to this Indenture, 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 becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

(b) 2014 Bonds Principal Account. On or before the 5th Business Day preceding each Interest Payment Date in each calendar year beginning September 1, 2014, the Trustee will withdraw from the Debt Service Fund and transfer to the 2014 Bonds Principal Account an amount equal to the principal payments becoming due and payable on Outstanding Bonds and Parity Bonds on such March 1 and September 1, to the extent monies on deposit in the Redevelopment Obligation Retirement Fund are available therefor. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal payments to become due on such September 1 on all Outstanding Bonds. Subject to this Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the Bonds as it becomes due and payable.

(c) Equal Rights. It is the intention of the Successor Agency that the Bonds and Parity Bonds shall be secured by and be payable from all moneys deposited in the Redevelopment Obligation Payment Fund on an equal basis. To the extent that moneys deposited in the Redevelopment Obligation Payment Fund are insufficient to pay debt service on the Bonds and Parity Bonds as it becomes due, the Bonds and Parity Bonds shall be payable on a pro-rata basis from all available moneys deposited in the Redevelopment Obligation Payment Fund.

Section 4.4 Rebate Fund. The Trustee shall establish the Rebate Fund and the Successor Agency shall comply with the requirements below. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section and the applicable Tax Certificate, unless the Successor Agency obtains an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied.

(a) Excess Investment Earnings

(i) Computation. Within 55 days of the end of each fifth Computation Year with respect to the Bonds, the Successor Agency shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g. the temporary investments exception of Section 148(f)(4)(B) and the construction expenditure exception of Section 148(f)(4)(C) of the Code), for this purpose treating the last day of the applicable Computation Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the "Rebatable Arbitrage"). The Successor Agency shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Transfer. Within 55 days of the end of each fifth Computation Year with respect to the Bonds, upon a Written Request of the Successor Agency, an amount shall

be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this Section 4.4(a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon receiving a Written Request of the Successor Agency, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Debt Service Fund.

(iii) Payment to the Treasury. The Successor Agency shall direct the Trustee in writing to pay to the United States Treasury, out of amounts in the Rebate Fund.

(X) Not later than 60 days after the end of (A) the fifth Computation Year with respect to the Bonds, and (B) each applicable fifth Computation Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Computation Year; and

(Y) Not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Computation Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Successor Agency shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established herein, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Subsection 4.4(a)(iii) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared by the Successor Agency, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption, if any, and payment of the Bonds and the payments described in Section 4.4(a)(iii), shall be transferred by the Trustee to the Successor Agency at the written direction of the Successor Agency and utilized in any manner by the Successor Agency.

(c) Survival of Defeasance. Notwithstanding anything in this Section 4.4 or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Bonds and any Parity Bonds.

(d) Trustee Responsible. The Trustee shall have no obligations or responsibilities under this Section other than to follow the written directions of the Successor Agency. The Trustee shall have no responsibility to make any calculations of rebate or to independently review or verify such calculations.

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.1 Covenants of the Successor Agency. As long as the Bonds are outstanding and unpaid, the Successor Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the Bondowners which are necessary, convenient and desirable to secure the Bonds and will tend to make them more marketable; provided, however, that the covenants do not require the Successor Agency to expend any funds other than the Pledged Tax Revenues:

Covenant 1. Use of Proceeds; Management and Operation of Properties. The Successor Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in this Indenture and that it will manage and operate all properties owned by it comprising any part of the Project Area in a sound and businesslike manner.

Covenant 2. No Priority. The Successor Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Pledged Tax Revenues which have any lien upon the Pledged Tax Revenues prior or superior to the lien of the Bonds. Except as permitted by Section 3.4 hereof, it will not issue any obligations, payable as to principal or interest, from the Pledged Tax Revenues, which have any lien upon the Pledged Tax Revenues on a parity with the Bonds authorized herein. Notwithstanding the foregoing, nothing in this Indenture shall prevent the Successor Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Pledged Tax Revenues, if such refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding all of the Outstanding Bonds, (ii) from issuing and selling obligations, with the prior written consent of all of the Bondowners, which have, or purport to have, any lien upon the Pledged Tax Revenues which is junior to the Bonds or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Pledged Tax Revenues. As used herein "obligations" includes, without limitation, bonds, notes, interim certificates, debentures or other obligations.

Covenant 3. Punctual Payment. The Successor Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds. Further, it will take all actions required under the Dissolution Act to include on the Recognized Obligation Payment Schedules for each six-month period of a calendar year, beginning with the first six-month period arising after the Delivery Date for which no Recognized Obligation Payment Schedule has been submitted, all payments to the Trustee to satisfy the requirements of Section 4.2 of this Indenture. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and DOF, to the extent necessary, the amounts to be held by the Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following six-month period. For the avoidance of doubt, the Agency will take all actions required under the Dissolution Act to include in the Recognized Obligation Payment Schedule relating to the January 2 payment date commencing January 2, 2015, the annual scheduled debt service on the Bonds and any Parity Bonds coming due in that same calendar year.

**ATTACHMENT B
AGREEMENT NO. 14-001AR
FOR ARBITRAGE REBATE SERVICES**

This Agreement for arbitrage rebate services (this "Agreement") is made and entered into by and between the County of Orange, California, a political subdivision organized and existing pursuant to the Constitution and laws of the State of California (the "County") and BLX Group LLC ("BLX").

RECITALS

WHEREAS, from time to time, the County and certain County-related entities, including, but not limited to, community facilities districts, assessment districts, joint powers agencies and the Orange County Development Agency issue or deliver obligations, the interest of which are exempt from federal income taxation;

WHEREAS, the County requires the services of a firm expert and experienced in the application of the Internal Revenue Code and United States Treasury regulations, rules, procedures, interpretations and judicial pronouncements relevant to tax-exempt obligations rebate liability calculation;

WHEREAS, BLX is experienced in matters relating to obligations which interest is exempt from federal income taxation, including the calculation of rebate liability and is willing and able to provide services to the County as more fully specified herein.

NOW, THEREFORE, in consideration of the premises, and of the mutual covenants, terms and conditions herein contained, the parties agree as follows:

AGREEMENT

Section 1. **Engagement of BLX.** The County engages the services of BLX as an independent contractor to provide administration services for the Programs, as more fully described below. BLX is willing and able to perform such services for and on behalf of the County. It is understood that Nancy Kummer, Glenn Casterline, Michelle Chung, Vo Nguyen and Larry Sobel shall be the employees of BLX principally responsible for performing the services described herein. Through the aforementioned person and such other BLX staff as are needed and agreed to by the Contract Administrator (as defined herein) to carry out the responsibilities of BLX under this Agreement, BLX shall provide the following arbitrage rebate services:

I. General Services

- A. In order to meet Internal Revenue Code time requirements, consult with County, issuer, investment provider, bond counsel, trustee and others (as applicable) to gather the information necessary to make arbitrage liability calculations.
- B. Applying regulations of the United States Department of the Treasury, in effect on such calculation date, prepare calculations as follows:

1. For each bond issue, prepare and deliver to County, annually and at final maturity or redemption of bonds, a rebate or penalty report containing the following:
 - a. Schedules that meet County's specifications reflecting all relevant calculations.
 - b. A listing of all of the assumptions used.
 - c. A schedule showing the cumulative amount of the rebate or penalty liability as of each calculation date.
 - d. Any required Internal Revenue Service forms.
 - e. An opinion summarizing the results of the arbitrage rebate liability calculations.
 - f. Recommendations to County on how to lawfully minimize its rebate obligations.
 2. On an "as needed" basis, recalculate prior completed arbitrage rebate reports to ensure compliance with the Internal Revenue Code, regulations, rulings and interpretive pronouncements.
 3. If the Issuer elects a "penalty in lieu of rebate", under Code Section 148(f)(4)(C)(vii), calculate every six months the amount of such "penalty" as of the end of each six-month period beginning on the date of issue of the Bonds.
 4. As otherwise directed in writing by the Contract Administrator.
- C. Notify County two weeks in advance when rebate payments need to be made to the Internal Revenue Service.
- D. Maintain an internal system that checks all calculations for accuracy.
- E. Maintain and monitor a database that tracks the preparation of arbitrage liability calculations for all County bond issues. Provide a copy of the database to County.
- F. Report to County any changes to rebate requirements and provide technical consultation support regarding provisions of the applicable Internal Revenue Code provision, regulations, rulings and interpretive pronouncements governing arbitrage rebate.
- G. Provide other related services as requested in writing by the Contract Administrator.

II. Special Services

From time to time, the County may request that BLX provide Special Services. Special Services are defined as services in addition to those delineated in Section I and Attachment I (Fee Schedule), that may include, but not be limited to, work related to litigation; special studies; additional arbitrage/rebate analyses and reports required due to new financings ,

calling of bonds, redemption of bonds, or other required services. Special Services shall be requested and ordered in writing by the Contract Administrator. Compensation for such requests for Special Services shall be paid by the County at the rate equal to the Installment/Final Computation Report (\$1,100 per report) as identified in the Fee Schedule in Attachment I.

Section 2. **Term.** This Agreement shall be effective upon approval by the Board of Supervisors and shall continue in full force and effect until July 31, 2019.

Notwithstanding the foregoing, either party may terminate this Agreement at any time either in whole or in part following written 30 days' notice to the other party regarding such termination.

Section 3. **Compensation of BLX.**

A. BLX will be compensated for services performed in connection with this Agreement in accordance with the fee schedule in Attachment I to this Agreement, which is incorporated hereto by this reference.

B. In no event shall compensation payable under this Agreement exceed \$49,500 per Agreement Year for services identified in Section 1. On any given year, compensation may exceed \$49,500, but only for Special Services as defined above and as approved by the Contract Administrator. For the purposes of this Agreement, "Agreement Year" is defined as the period of August 1 through July 31, beginning on the effective date hereof and each year thereafter during the term of this Agreement.

C. Notwithstanding any other provision of this Agreement to the contrary, all obligations of the County under this Agreement shall be paid solely from the particular sources of revenue pledged (e.g., special taxes, special assessments, tax increment) to the repayment of each issuance and the County General Fund shall not otherwise be liable hereunder.

D. In addition all obligations of the County herein are be expressly contingent upon appropriation of sufficient funds by the County Board of Supervisors. The failure of the County Board of Supervisors to appropriate sufficient funds shall result in the immediate termination of this Agreement.

Section 4. **Invoicing and Payment.** BLX shall submit to the Contract Administrator invoices in acceptable detail and format for services rendered, including any supporting documentation as may be requested by the Contract Administrator or County Auditor-Controller. Invoices must reference this Agreement and must clearly specify the services performed. Each invoice shall be reviewed by County staff prior to payment to ensure that the billing is consistent with the compensation provisions of this Agreement. County will pay BLX within the normal processing schedule of the County Auditor-Controller's Accounts Payable Section or sooner.

Section 5. **Contract Administration.** For the purpose of this Agreement, the County Public Finance Manager shall act as the Contract Administrator. The Contract Administrator will provide overall coordination and guidance of the services to be performed herein and will address policy issues as necessary and appropriate.

Section 6. **Standards of Work.** BLX agrees that the performance of work and services pursuant to the requirements of this Agreement shall conform to highest professional standards as exist in BLX's profession, industry or field of practice.

Section 7. **Errors and Omissions.** All work submitted by BLX shall be completed and shall be carefully checked prior to submission. BLX understands that the County's examination of BLX's work product is discretionary and BLX shall not assume that the County will discover errors and/or omissions. If the County discovers any errors or omissions, BLX's work may be returned to BLX for correction, which work shall be corrected without additional cost to the County. Should the County or others discover errors or omissions in the work submitted by BLX after the County's acceptance thereof, the County's approval of BLX's work shall not be a defense by BLX.

Section 8. **Indemnification.** BLX agrees to indemnify, defend with counsel approved in writing by County, and hold County, its elected and appointed officials, officers, employees, agents and those special districts and agencies which County's Board of Supervisors acts as the governing Board ("County Indemnitees") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by BLX pursuant to this Agreement. If judgment is entered against BLX and County by a court of competent jurisdiction because of the concurrent active negligence of County or County Indemnitees, BLX and County agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

Section 9. **Compliance with Gift and Political Contribution Ban.** By executing this Agreement, BLX covenants to the County that it has complied, and will comply during the term of this Agreement, in all respects with the "Ban on Political Contributions and Gifts" provisions of Article V of the County of Orange, Board of Supervisors, Policies and Procedures for Consideration and Approval of Proposed Public Financings.

Section 10. **Confidentiality of Work.** All work performed by BLX, including but not limited to all drafts, data, correspondence, proposals, reports and estimates compiled or composed by BLX pursuant to this Agreement, but expressly excluding all documents, data, reports or correspondence typically circulated among the working group with respect to any financing, or any matter required to be disclosed pursuant to judicial process or California or federal law (including, but not limited to federal securities laws), is for the sole use of the County and shall be confidential and not released to any third party without prior written consent of the Contract Administrator.

Section 11. **Independence of BLX.** BLX and the agents and employees of BLX, in performance of this Agreement, shall act in an independent capacity and not as employees, officers or agents of the County.

Section 12. **Subcontracts.** BLX is responsible for all requirements under this Agreement even though the requirements are carried out pursuant to subcontract. All Agreement requirements apply to subcontractors. All proposed subcontracts must be filed with, and approved by the Contract Administrator prior to execution of any agreement with the subcontractor.

BLX shall submit a listing which identifies the name of the subcontractor, the method by which the subcontractor was selected, and the total funding to be paid to the subcontractor. If other than the lowest bidder or a sole-source provider is selected, all documents used in subcontractor selection must be presented in writing to the Contract Administrator for prior approval before awarding any contract. The Contract Administrator reserves the right to disapprove any subcontractor.

Section 13. **News Releases.** BLX agrees to submit to the Contract Administrator, prior to release, copies of news releases related to this Agreement. County reserves the right to modify or deny the release of such news releases.

Section 14. **Examination of Accounts, Audit and Records.** BLX's records relating to services provided under this Agreement shall be subject at all reasonable times to inspection, audit and reproduction by the County or any of its duly authorized representatives. BLX shall preserve and make available records (I) for a period of three years from the date of final payment under this Agreement and (II) for such longer period, if any, as is required by subsections A and B below:

A. If this Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any termination.

B. If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three year period, whichever is later.

Section 15. **Ownership of Records.** All work-product, records, and materials relating to this Agreement shall be the sole and exclusive property of County, as the work is completed or otherwise upon termination of this Agreement. BLX shall deliver to the Contract Administrator all copies of any and all materials pertaining to this Agreement.

Section 16. **Name Change.** BLX shall provide written notice to the Contract Administrator at least thirty (30) days prior to any changes to BLX's current legal name, if practicable, but in any event, not later than the date of any such change. The Contract Administrator shall be provided with all pertinent information relating thereto which is requested.

Section 17. **Changes in Staff.** The Contract Administrator has the reasonable right to approve or disapprove any proposed changes in BLX's staff from the individuals named in this Agreement. The Contract Administrator shall be provided with a resume of any proposed substitute and shall be given the opportunity to interview that person prior to his or her decision to approve or disapprove.

Section 18. **Child Support Compliance.** Unless provided contemporaneously with its execution of this Agreement, BLX agrees to furnish to the Contract Administrator within thirty (30) days of this Agreement's effective date:

A. The name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in BLX;

B. A certification that BLX has fully complied with all applicable federal and state reporting requirements regarding its employees;

C. A certification that BLX has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

The failure of BLX to timely submit the data or certifications required by Subsections A, B or C, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from the County shall constitute grounds for termination of this Agreement.

It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, and for no other purpose.

The Contract Administrator, with the concurrence of the County Purchasing Agent, may waive the requirements of this provision, or any part thereof.

The Contract Administrator shall forthwith transmit data received from BLX under the provisions of this Section to the Orange County District Attorney, and shall not use or disclose the data for any other purpose.

Section 19. **Insurance.** Prior to the provision of services under this Agreement, BLX agrees to purchase all required insurance at BLX' expense and to deposit with the County Certificates of Insurance, including all endorsements required herein, necessary to satisfy the County that the insurance provisions of this Agreement have been complied with and to keep such insurance coverage and the certificates therefore on deposit with the County during the entire term of this Agreement. In addition, all subcontractors performing work on behalf of BLX pursuant to this Agreement shall obtain insurance subject to the same terms and conditions as set forth herein for BLX.

All insurance policies required by this Agreement shall declare any deductible or self-insured retention (SIR) in an amount in excess of \$25,000 (\$5,000 for automobile liability), which shall specifically be approved by the County Executive Office (CEO)/Office of Risk Management. BLX shall be responsible for reimbursement of any deductible to the insurer. Any self-insured retentions (SIRs) or deductibles shall be clearly stated on the Certificate of Insurance.

If BLX fails to maintain insurance acceptable to the County for the full term of this Agreement, the County may terminate this Agreement.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer licensed to do business in the state of California (California Admitted Carrier) or have a minimum rating be A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com.**

If the insurance carrier is not a non-admitted carrier in the state of California and does not have

an A.M. Best rating of A-/VIII, the County CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by BLX shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles	\$1,000,000 per occurrence
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per occurrence
Professional Liability Insurance	\$1,000,000 per claims made or per occurrence

Required Coverage Forms

The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 0012, CA 00 20, or a substitute form providing coverage at least as broad.

Required Endorsements

The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of insurance:

- 1) An Additional Insured endorsement using ISO form CG 2010 or CG 2033 or a form at least as broad naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.
- 2) A primary non-contributing endorsement evidencing that BLX's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

All insurance policies required by this contract shall waive all rights of subrogation against the County of Orange and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against the County of Orange, and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees.

All insurance policies required by this contract shall give the County of Orange 30 days notice in the event of cancellation and 10 days for non-payment of premium. This shall be evidenced by policy provisions or an endorsement separate from the Certificate of Insurance.

If BLX's Professional Liability policy is a "claims made" policy, BLX shall agree to maintain professional liability coverage for two years following completion of contract.

The Commercial General Liability policy shall contain a severability of interests clause also known as a "separation of insureds" clause (standard in the ISO CG 0001 policy).

Insurance certificates should be forwarded to Suzanne Luster, Public Finance Manager, County Executive Office, 333 W. Santa Ana Blvd., 3rd Floor, Santa Ana, CA 92701-4062.

If the BLX fails to provide the insurance certificates and endorsements within seven days of notification by the County Executive Office/Purchasing, the County Public Finance division, award may be made to the next qualified vendor.

County expressly retains the right to require BLX to increase or decrease insurance of any of the above insurance types throughout the term of this Contract. Any increase or decrease in insurance will be as deemed by County of Orange Risk Manager as appropriate to adequately protect County.

County shall notify BLX in writing of changes in the insurance requirements. If BLX does not deposit copies of acceptable certificates of insurance and endorsements with County incorporating such changes within thirty days of receipt of such notice, this Contract may be in breach without further notice to BLX, and County shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit BLX's liability hereunder nor to fulfill the indemnification provisions and requirements of this Contract, nor act in any way to reduce the policy coverage and limits available from the insurer.

Section 20. **Notices.** Any and all notices between the County and BLX provided for or permitted under this Agreement or by law shall be in writing and shall be deemed duly given when personally delivered to one of the parties or in lieu of such personal service, when deposited in the United States mail, postage prepaid, addressed to such party at the following address:

If to the County:

County of Orange
10 Civic Center Plaza, 3rd Floor
Santa Ana, CA 92701-4062
Attention: Public Finance Manager
Telephone: (714) 834-3362 Facsimile: (714) 834-3346

If to BLX:

BLX Group LLC
777 S. Figueroa Street, Suite 3200
Los Angeles, CA 90017
Telephone: (213) 612-2200 Facsimile: (213) 612-2499

Section 21. **Governing Law, Venue and Entire Agreement.** This Agreement has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, withstanding Code of Civil Procedure section 394.

The parties specifically agree that by entering into and performing under this Agreement, BLX shall be deemed to be doing business within Orange County within the meaning of Code of Civil Procedure section 394 from this Agreement's effective date through the expiration of any applicable limitations period. Furthermore, the parties have specifically agreed, as part of the consideration given and received for entering into this Agreement, to waive any and all rights to request that an action be transferred for trial to another county under Code of Civil Procedure section 394.

This Agreement constitutes the entire agreement between the County and BLX with respect to the matters addressed herein and supersedes any previous agreement(s), negotiations, proposals or understanding, whether written or oral concerning such matter, unless expressly included in this Agreement.

Section 22. **Amendment or Modifications.** No amendment, modification or other alteration of this Agreement shall be valid unless in writing and signed by the parties hereto.

Section 23. **Severability.** In the event that any provision herein contained is held to be invalid, void, or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement and such invalidity shall in no way affect, impair, or invalidate any other provision contained herein if there is no substantive effect to the services to be rendered to the County by such judicial finding of invalidity.

Section 24. **Counterparts.** This Agreement may be executed in any number of counterparts, each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

Section 25. **Agreement Not Exclusive.** Notwithstanding any other provision of this Agreement to the contrary, nothing in this Agreement shall entitle BLX to provide financial advisory services, or be compensated under this Agreement, with respect to any County financing, matter of County finance, debt policy, strategy or planning or other services, whether or not described herein, unless such services are subject to this Agreement and have been requested in writing in accordance with Section 2. The County retains the sole and exclusive right to select any financial advisor for any and all matters of County finance.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first written above.

COUNTY OF ORANGE, CALIFORNIA

Date: 9/10/14

By: Suzanne Luster
Public Finance Manager

Approved as to Form
Office of the County Counsel

By: Angelica C. Daflary
Angelica C. Daflary, Deputy County Counsel

Date: 07.02.14

BLX Group I.L.C.

By: Craig Underwood
Craig Underwood, President

Date: 7/13/14

By: Nancy Kummer
Nancy Kummer, Managing Director

ATTACHMENT I – FEE SCHEDULE

Bond Type		Fee 2014	Fee 2015	Fee 2016	Fee 2017	Fee 2018
Certificates of Participation and Revenue Bonds						
Redevelopment						
20,960,000	Santa Ana Heights Refunding (2014)	400	400	400	400	1,100
26,160,000	Neighborhood Development and Preservation Projects Refunding (2001)	400	400	400	400	1,100
Redevelopment Total		\$800	\$800	\$800	\$800	\$2,200
33,578,000	1991 COP (Civic Center Parking Refunding)	400	400	400	400	1,100
31,380,000	1991 COP (Loma Ridge Data Center)	400	400	400	400	1,100
34,380,000	Juvenile Justice Center Refunding (2012)	400	400	400	400	1,100
233,155,000	Airport Revenue Refunding Bonds, Series A&B (2009)	400	400	400	400	1,100
32,700,000	Lease Revenue Bonds, Series 2006 (Cogen Project)	400	400	400	400	1,100
COPs and Revenue Total		\$2,000	\$2,000	\$2,000	\$2,000	\$5,500
Recovery Financings						
419,755,000	Lease Revenue Refunding Bonds, Series 2005	\$400	\$400	\$400	\$400	\$1,100
146,005,000	Refunding Recovery Bonds, Series 2005A	0	0	0	0	0
Recovery Financings Total		\$400	\$400	\$400	\$400	\$1,100
Community Facility Districts						
10,975,000	86-2 Rancho Santa Margarita (1998 Refunding)	400	400	400	400	1,100
8,005,000	86-2 Rancho Santa Margarita (2001)	400	400	400	400	1,100
10,815,000	87-4 Foothill Ranch (1997A)	400	400	400	400	1,100
67,920,000	04-1 Ladera Ranch Series 2014 A&B	400	400	400	400	1,100
104,545,000	SOCPPA 2014 Series A&B	400	400	400	400	1,100
239,340,000	South Orange County Public Financing Authority 1994 C (refunds 87-1, 87-3, 87-4, 87-5A-D & 87-8)	400	400	400	400	1,100
92,370,000	South Orange County Public Financing Authority (2004A)	400	400	400	400	1,100
84,015,000	South Orange County Public Financing Authority (2005A)	400	400	400	400	1,100
Community Facilities Districts Total		\$3,200	\$3,200	\$3,200	\$3,200	\$8,800

Bond Type		Fee 2014	Fee 2015	Fee 2016	Fee 2017	Fee 2018
Assessment Districts						
165,705,000	88-1 Irvine Coast (1988)	400	400	400	400	1,100
23,835,000	1999 Reassessment Bonds	400	400	400	400	1,100
10,785,000	2001 Reassessment Bonds	400	400	400	400	1,100
6,675,000	Newport Coast Phase IV AD 01-1 Series 2003B	400	400	400	400	1,100
18,670,000	Newport Coast Phase IV AD 01-1 Group One	400	400	400	400	1,100
11,650,000	Newport Coast Phase IV AD 01-1 Group Two	400	400	400	400	1,100
13,680,000	Newport Coast Phase IV AD 01-1 Group Three	400	400	400	400	1,100
5,340,000	Newport Coast Phase IV AD 01-1 Group Four	400	400	400	400	1,100
Assessment Districts Total		\$3,200	\$3,200	\$3,200	\$3,200	\$8,800
Multi-Family Bonds						
20,500,000	85CC (Lantern Pines)	400	400	400	400	1,100
17,000,000	89A (Park Place)	400	400	400	400	1,100
43,000,000	92B (Aliso Creek)	400	400	400	400	1,100
7,635,000	97A (Larkspur Canyon Apts)	400	400	400	400	1,100
50,600,000	98-I (Oasis Martinique)	400	400	400	400	1,100
7,300,000	98D (Heritage Villas)	400	400	400	400	1,100
13,990,000	98E (Villas Aliento)	400	400	400	400	1,100
30,000,000	98F (Villa La Paz)	400	400	400	400	1,100
13,200,000	98I (Park Ridge)	400	400	400	400	1,100
29,000,000	99B (Riverbend)	400	400	400	400	1,100
7,478,250	2001A (Vintage Shores)	400	400	400	400	1,100
25,200,000	2001B (Ladera Ranch Apts)	400	400	400	400	1,100
13,773,000	2001C (Talega Jamboree Apts)	400	400	400	400	1,100
4,600,000	2001D (Heritage Place)	400	400	400	400	1,100
16,000,000	2001E (Wood Canyon Villas)	400	400	400	400	1,100
8,000,000	2002A (Mendocino Apt Homes)	400	400	400	400	1,100
15,500,000	2003A (Montecito Vista Apt/ Culver I-5)	400	400	400	400	1,100
10,500,000	2004A (Woodbridge Manor Apts)	400	400	400	400	1,100
17,015,377	2007A (Granite Court Apts)	400	400	400	400	1,100
7,750,000	2010A (Emerald Cove Senior Apts)	400	400	400	400	1,100
17,600,000	2012A (San Clemente Senior Apts)	400	400	400	400	1,100

Bond Type		Fee 2014	Fee 2015	Fee 2016	Fee 2017	Fee 2018
Multi-Family Bonds (Continued)						
Multi-Family Total		\$8,400	\$8,400	\$8,400	\$8,400	\$23,100
Single-Family Bonds						
11,000,000	1990 COP (Florence Crittenton)*	\$1,500	0	0	0	0
Single-Family Total		\$1,500	0	0	0	0

SUMMARY OF ALL TOTALS:

Bond Type		Fee 2014	Fee 2015	Fee 2016	Fee 2017	Fee 2018
Redevelopment Total		\$800	\$800	\$800	\$800	\$2,200
COPs and Revenue Total		2,000	2,000	2,000	2,000	5,500
Recovery Financings Total		400	400	400	400	1,100
Community Facility Districts Total		3,200	3,200	3,200	3,200	8,800
Assessment Districts Total		3,200	3,200	3,200	3,200	8,800
Multi-Family Total		8,400	8,400	8,400	8,400	23,100
Single-Family Total		1,500	0	0	0	0
Grand Totals		\$19,500	\$18,000	\$18,000	\$18,000	\$49,500

**Amendment No. 1 to Agreement No. 14-001AR
Between BLX Group LLC and the County of Orange
for Arbitrage Rebate Services**

This Amendment No. 1 (hereinafter "Amendment") to Agreement No. 14-001AR ("Original Agreement") is made and entered into upon execution of all necessary signatures between BLX Group LLC with a place of business at 777 S. Figueroa Street, Suite 3200, Los Angeles, CA 90017 (hereinafter referred to as "BLX") and the County of Orange, a political subdivision of the State of California, (hereinafter referred to as "County"), which are sometimes individually referred to as ("Party"), or collectively referred to as ("Parties").

RECITALS

WHEREAS, the County entered into Agreement No. 14-001AR with BLX for arbitrage rebate services effective September 10, 2014 through July 31, 2019; and

WHEREAS, the Parties have subsequently discovered errors in the fee schedule of the Original Agreement; and

WHEREAS, the Parties desire to amend the Original Agreement to (1) add an additional task to the list of General Services as provided for in Section 1(I) of the Original Agreement, (2) clarify the definition of Special Services under Section 1(II) of the Original Agreement, (3) provide for the proper fee schedule agreed to between the Parties, and (4) increase and clarify compensation under Section 3(B) of the Original Agreement.

NOW, THEREFORE, the Parties mutually agree:

1. **General Services.** The Parties agree to add the following task to the list of General Services provided in Section 1(I) of the Original Agreement:

H. Filing and managing an arbitrage refund claim.

2. **Special Services.** Section 1(II) of the Original Agreement relating to Special Services shall be deleted in its entirety and replaced with the following:

From time to time, the County may request that BLX provide Special Services. Special Services are defined as services not delineated in Section 1(I) and include, but not be limited to, work related to litigation, special studies, or other necessary services. Special Services shall be requested and ordered in writing by the Contract Administrator. Compensation for such requests for Special Services shall be paid by the County as identified in the Fee Schedule in Attachment A.

3. **Attachment I – Fee Schedule.** Attachment I to the Original Agreement is deleted in its entirety and replaced with Attachment A to this Amendment, which is incorporated hereto by this reference.

4. **Compensation of BLX.** Section 3(B) of the Original Agreement relating to Compensation shall be deleted in its entirety and replaced with the following:

In no event shall compensation payable under the Original Agreement exceed \$72,000 per Agreement Year for services identified in Section I and Section II. For purposes of Original Agreement, "Agreement Year" is defined as the period of August 1 through July 31, beginning on the effective date hereof and each year thereafter during the term of the Original Agreement.

5. The remaining provisions of the Original Agreement shall remain the same and in full effect and force.

Signature Page

In WITNESS WHEREOF, the parties hereto have executed this Amendment on the dates shown opposite their respective signatures below:

County of Orange, a political subdivision of the State of California


Date: 7/16/2015

By: 

Susana Ortiz, County Executive Office
Deputy Purchasing Agent


BLX Group, LLC

Date: 7/16/15

By: 

Craig Underwood, President

Date: 7/16/15

By: 

Nancy Kummer, Managing Director

Attachment A – Revised Fee Schedule

General Services:

Arbitrage Rebate Reports

Reports to include Community Facilities Districts, Assessment Districts, Certificates of Participation, Revenue Bonds, Redevelopment Successor Agency Bonds, Multifamily, and any other current or future financings that are required to have arbitrage rebate calculations.

Interim Report	\$400 per report
Five Year Report	\$1,100 per report
Final Computation	\$1,100 per report
Penalty in lieu of rebate calculation	\$400 per report

File and manage an arbitrage refund claim per bond issuance

Payment upon receipt of filing an IRS Form 8038-R along with Power of Attorney Form	\$4,000 flat fee
Payment upon recovery	\$3,500 flat fee

Special Services:

Special Services are based upon the below Hourly Fee Rate:

Managing Director	\$250/hour
Associate Director	\$200/hour

action or refrain from taking any action that would cause either any Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the Successor Agency takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes; and

(6) Miscellaneous. The Successor Agency will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the Successor Agency in connection with each issuance of Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Covenant 10. Compliance with Dissolution Act. The Successor Agency covenants that in addition to complying with the requirements of Covenant 3, it will comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, as well as any amount required under this Indenture to replenish the Reserve Accounts of the Debt Service Funds, in Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under this Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under this Indenture for the next payment due thereunder and hereunder in the following six-month period.

Covenant 11. Limitation on Indebtedness. The Successor Agency covenants and agrees that it has not and will not incur any loans, obligations or indebtedness repayable from Pledged Tax Revenues such that the total aggregate debt service on said loans, obligations or indebtedness incurred from and after the date of adoption of the Redevelopment Plan, when added to the total aggregate debt service on the Bonds, will exceed the maximum amount of Pledged Tax Revenues to be divided and allocated to the Successor Agency pursuant to the Redevelopment Plan.

Covenant 12. Further Assurances. The Successor Agency covenants and agrees to 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 this Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

Covenant 13. Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any

participating underwriter, holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

ARTICLE VI

THE TRUSTEE

Section 6.1 Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Successor Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Successor Agency has knowledge that the Trustee has ceased to be eligible in accordance with subsection (e) of this Section, or has become incapable of acting, or has been adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property has been appointed, or any public officer shall have taken control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving prior written notice of such resignation to the Successor Agency, and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Successor

Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail, with a copy to the Successor Trustee, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency. Notwithstanding any other provisions of this Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed.

(e) Every successor Trustee appointed under the provisions of this Indenture shall be a trust company or bank in good standing authorized to exercise trust powers or having the powers of a trust company and duly authorized to exercise trust powers within the State having a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(f) The Trustee shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

(g) Before taking any action under Article VIII or this Section 6.1 at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or its willful misconduct in connection with any action so taken.

Section 6.2 Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 6.1, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.3 Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the Bonds nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless the Trustee shall have been negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof at its Trust Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to Section 5.1 and may rely conclusively on the certificates accompanying such financial statements to establish the Successor Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Pledged Tax Revenues into the Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(f) No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder.

(g) The Trustee may execute any of the trust or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(h) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(i) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

Section 6.4 Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, in the absence of negligence or willful misconduct by the Trustee. The Trustee may consult with counsel, including, without limitation, counsel of or to the Successor Agency, with regard to legal questions, and, in the absence of negligence or willful misconduct by the Trustee, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate of report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

Section 6.5 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times during regular business hours upon reasonable notice to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 6.6 Compensation and Indemnification. The Successor Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Indenture. Upon the occurrence of an Event of Default, the Trustee shall have a first lien on the Pledged Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII hereof.

The Successor Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses and those of its attorneys and advisors of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Successor Agency under this section shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.7 Investment of Moneys in Funds and Accounts. Subject to the provisions of Article V hereof, all moneys held by the Trustee in the Debt Service Fund, Costs of Issuance Fund or the Rebate Fund, shall, at the written direction of the Successor Agency, be invested only in Permitted Investments. If the Trustee receives no written directions from the Successor Agency as to the investment of moneys held in any Fund or Account, the Trustee shall request such written direction from the Successor Agency and, pending receipt of instructions, shall invest such moneys solely in Permitted Investments described in subsection (b)(5) of the definition thereof.

(a) Moneys in the Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency only in obligations permitted by the Law which will by their terms mature not later than the date the Successor Agency estimates the moneys represented by the particular investment will be needed for withdrawal from the Redevelopment Obligation Retirement Fund.

(b) Moneys in the Interest Account and the Principal Account of the Debt Service Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest and principal payment date, there will be in such account, from matured obligations and other moneys already in such account, cash equal to the interest and principal payable on such payment date.

(c) Moneys in the Reserve Account shall be invested in (i) obligations which will by their terms mature on or before the date of the final maturity of the Bonds or five (5) years from the date of investment, whichever is earlier including for this purpose investments described in part (b)(v), (viii) or (ix) of the Certificate thereof or (ii) an investment agreement which permits withdrawals or deposits without penalty at such time as such moneys will be needed or in order to replenish the Reserve Account.

(d) Moneys in the Rebate Fund shall be invested in Defeasance Securities which mature on or before the date such amounts are required to be paid to the United States.

Obligations purchased as an investment of moneys in any of the Funds or Accounts shall be deemed at all times to be a part of such respective Fund or Account and the interest accruing thereon and any gain realized from an investment shall be credited to such Fund or Account and any loss resulting from any authorized investment shall be charged to such Fund or Account without liability to the Trustee. The Successor Agency or the Trustee, as the case may be, shall sell or present for redemption any obligation purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account as required by this Indenture and shall incur no liability for any loss realized upon such a sale. All interest earnings received on any monies invested in the Interest Account, Principal Account or Reserve Account, to the extent they exceed the amount required to be in such Account, shall be transferred on each Interest Payment Date to the Debt Service Fund. All interest earnings on monies invested in the Rebate Fund shall be

retained in such Fund and applied as set forth in Section 4.4. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 6.7. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.7 hereof. The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

The value of Permitted Investments shall be determined as follows: (i) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (iv) as to any investment not specified above: the value thereof established by prior agreement between the Successor Agency and the Trustee. If more than one provision of this definition of "value" shall apply at any time to any particular investment, the value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment; provided, notwithstanding the foregoing, in making any valuations hereunder, the Trustee may utilize and conclusively rely upon such pricing services as may be regularly available to it, including, without limitation, those within its regular accounting system.

Section 6.8 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts held by it established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency at reasonable hours and under reasonable circumstances with reasonable prior notice. The Trustee shall furnish to the Successor Agency, at least quarterly, an accounting of all transactions made by the Trustee in the form of its regular account statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

Section 6.9 Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee or Successor Agency appoint an additional individual or

institution as a separate co-trustee. The following provisions of this Section 6.9 are adopted to these ends.

In the event that the Trustee or Successor Agency appoint an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee to exercise such powers, rights and remedies, and every covenant an obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Successor Agency be required by the separate trustee or co-trustee so appointed by the Trustee or Successor Agency for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

In addition to the appointment of a co-trustee hereunder, the Trustee may, at the expense and with the prior written consent of the Successor Agency, appoint any agent of the Trustee in St. Paul, Minnesota, for the purpose of administering the transfers or exchanges of Bonds or for the performance of any other responsibilities of the Trustee hereunder.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.1 Amendment Without Consent of Owners. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Owners, to the extent permitted by law and any for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Successor Agency in this Indenture contained, other covenants and agreements thereafter to be observed or to limit or surrender any rights or power herein reserved to or conferred upon the Successor 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 this Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Bonds pursuant to Section 3.4, and to provide the terms and conditions under which such Parity Bonds may be issued, including but not limited to the establishment of Redevelopment Obligation Retirement Funds and accounts relating

thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.4; or

(d) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on any of the Bonds, in the opinion of nationally-recognized bond counsel.

Section 7.2 Amendment With Consent of Owners. Except as set forth in Section 7.1, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor 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.

Section 7.3 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.4 Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency, the Owners of such Bonds shall present such Bonds for that purpose at the Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and, in that case upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Trust Office of the Trustee, without cost to such Owners.

Section 7.5 Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

Section 7.6 Opinion of Counsel. The Trustee shall be provided an opinion of counsel that any such Amendment or Supplemental Indenture entered into by the Successor Agency and the Trustee complies with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.1 Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

(a) if default shall be made in the due and punctual payment of the principal of or interest or redemption premium, if any, on any Bond or Parity Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements (including default by the obligor on any underlying agreement) or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of 30 days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default; or

(c) if the Successor Agency shall commence a voluntary action under Title 11 of the United States Code or any substitute or successor statute.

If an Event of Default has occurred and is continuing, the Trustee may, or if requested in writing by the Owners of the majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall, by written notice to the Successor Agency, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, and (b) upon receipt of indemnity to its satisfaction 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 shall give notice of such Event of Default to the Successor Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Successor Agency, and the Owners in the same manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have 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.)

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit 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 reasonable fees and expenses of the Trustee, including but not limited to attorneys fees, 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) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor 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 shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Upon the occurrence of an event of default, the Trustee may, with the consent of a majority of the Holders, by written notice to the Successor Agency, declare the principal of the Bonds and Parity Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding.

Section 8.2 Application of Funds Upon Acceleration. All of the Pledged Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.1, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the order following, upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys and counsel including all sums owed the Trustee pursuant to Section 6.6 herein; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds and Parity Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds and Parity Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds and Parity Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest or any Bond or Parity Bonds over any other Bond or Parity Bonds.

Section 8.3 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a

majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.4 Limitation on Owner's Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have 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 shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding, including a writ of mandamus in its own name; (c) said Owners shall 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 shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provisions of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.5 Non-waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium, if any, on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Dissolution Act or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

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

Section 8.6 Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds or Parity Bonds, as applicable, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, provided the Trustee shall have no duty or obligation to enforce any such right or remedy if it has not been indemnified to its satisfaction from loss, liability or any expense including, but not limited to reasonable fees and expenses of its attorneys.

Section 8.7 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Benefits Limited to Parties. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Successor Agency, the Trustee, and the registered Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Successor Agency, the Trustee, and the registered Owners of the Bonds.

Section 9.2 Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.3 Discharge of Indenture. If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium, if any, on all Outstanding Bonds, including all principal, interest and redemption premiums, if any, or;

(ii) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all Outstanding Bonds, including all principal, interest and redemption premiums, if any, or,

(iii) by irrevocably depositing with the Trustee, in trust, Defeasance Securities in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums, if any) at or before maturity and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture with respect to all Outstanding Bonds shall cease and terminate, except only (a) the obligation of the Trustee to transfer and exchange Bonds hereunder and (b) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency. To accomplish defeasance, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement, (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds; each Verification and defeasance opinion shall be addressed to the Successor Agency and the Trustee.

Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

Section 9.4 Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be provided by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee in good faith and in accordance therewith.

Section 9.5 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor

Agency or the County (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

Section 9.6 Waiver of Personal Liability. No member, office, agent or employee of the Successor Agency shall be individually or personal liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.7 Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds and upon written request of the Successor Agency, provide the Successor Agency a certificate of destruction. The Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.8 Notices. Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, or sent by telegram or facsimile, addressed as follows:

If to the Successor Agency: Successor Agency to the Orange County Development Agency
333 W. Santa Ana Boulevard
Santa Ana, CA 92701
Attention: Public Finance Manager

If to the Trustee: U.S. Bank National Association
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust Services
Ref. Successor Agency to the Orange County Development Agency
(Santa Ana Heights Project Area) Tax Allocation Refunding Bonds,
Issue of 2014

Section 9.9 Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency hereby declares that it would have adopted this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.1 hereof, be assumed by and vest in the Finance Officer of the Successor Agency in trust for the benefit of the Owners that the Finance Officer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform

all of the duties of the Trustee hereunder, in trust for the benefit of the Bondowners, pending appointment of a successor Trustee in accordance with the provisions of Section 6.1 hereof.

Section 9.10 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium, if any, on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium, if any, and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium, if any, on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium, if any, on such Bonds.

Section 9.11 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.12 Governing Law. This Indenture shall be construed and governed in accordance with the Laws of the State.

Section 9.13 Payments Due on Other Than a Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in this Indenture.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY, has caused this Indenture to be signed in its name by its Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency and attested by its Clerk, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer hereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE ORANGE
COUNTY DEVELOPMENT AGENCY

By: Suzanne Luster
Public Finance Manager of the County of
Orange, California, acting in her capacity as
designee of the Successor Agency to the Orange
County Development Agency

ATTEST:

By: Joseph P. Burk
Clerk

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY, has caused this Indenture to be signed in its name by its Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency and attested by its Clerk, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer hereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE ORANGE
COUNTY DEVELOPMENT AGENCY

By: _____
Public Finance Manager of the County of
Orange, California, acting in her capacity as
designee of the Successor Agency to the Orange
County Development Agency

ATTEST:

By: _____
Clerk

U.S. BANK NATIONAL ASSOCIATION, as Trustee

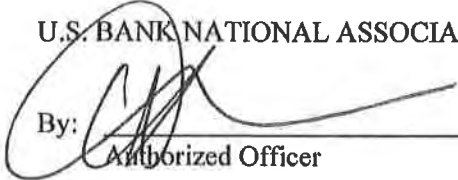
By:  _____
Authorized Officer

EXHIBIT A
FORM OF BOND

No. R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
(COUNTY OF ORANGE)

SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY
(SANTA ANA HEIGHTS PROJECT AREA)
TAX ALLOCATION REFUNDING BOND, ISSUE OF 2014

Interest Rate	Maturity Date	Dated Date	CUSIP
_____%	[September 1], 20____ [March 1]	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Successor Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on an interest payment date, in which event it shall bear interest from such date of authentication, or (ii) this Bond is authenticated prior to an interest payment date and after the close of business on the fifteenth calendar day of the month preceding such interest payment date (a "Record Date"), in which event it shall bear interest from such interest payment date, or (iii) this Bond is authenticated on or before August 15, 2014, in which event it shall bear interest from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the rate per annum stated above, payable semiannually on March 1 and September 1 in each year (each an "interest payment date"), commencing September 1, 2014, calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof and premium, if any, upon early redemption, if any, hereof are payable upon presentation and surrender of this Bond at the corporate trust office of U.S. Bank National Association, as trustee (the "Trustee"). Interest hereon (including the final interest payment upon maturity or earlier redemption, if any) is payable by check of the Trustee mailed on the interest payment date by first class mail to

the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date next preceding such interest payment date; provided, however, that upon the written request of any Registered Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner.

Capitalized terms used herein and not defined shall have the meaning given them in the Indenture (as defined below).

This Bond is one of a duly authorized issue of Bonds of the Successor Agency designated as "Successor Agency to the Orange County Development Agency (Santa Ana Heights Project Area) Tax Allocation Refunding Bonds, Issue of 2014" (the "Bonds"), in an aggregate principal amount of Twenty Million Nine Hundred Sixty Thousand Dollars (\$20,960,000), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates or redemption and other provisions) and all issued pursuant to the provisions of the Refunding Law, being Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), and pursuant to a resolution of the Successor Agency adopted October 22, 2013, and a resolution adopted by the Oversight Board on October 24, 2013, and an Indenture of Trust dated as of January, 1, 2014, entered into by and between the Successor Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Additional bonds, notes or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency to refund the Prior Agency's previously issued \$38,465,000 aggregate initial principal amount Tax Allocation Refunding Bonds (Santa Ana Heights Project Area), Series 2003 (the "2003 Bonds").

The Bonds are special obligations of the Successor Agency and are payable from, and are secured by a pledge of and lien on the Pledged Tax Revenues derived by the Successor Agency from the Project Area, on a parity with any Parity Bonds which may be issued pursuant to the Indenture.

There has been created and will be maintained by the Successor Agency the Redevelopment Obligation Retirement Fund into which Pledged Tax Revenues shall be deposited and transferred to the Trustee for deposit into the Debt Service Fund from which the Trustee shall pay the principal of and the interest and redemption premium, if any, on the Bonds when due. As and to the extent set forth in the Indenture, all such Pledged Tax Revenues are exclusively and irrevocably pledged to and constitute a trust fund for, in accordance with the terms hereof and the provisions of the Indenture and the Law, the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds, any additional bonds, notes or other obligations, authorized by the Indenture to be issued on a parity therewith. In addition, the Bonds (and, if the indenture authorizing any loans, advances or indebtedness issued on a parity with the Bonds shall so provide, any such loan, advance or indebtedness) shall be additionally secured at

all times by a first and exclusive pledge of and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account and the Reserve Account. Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

The Bonds are not subject to redemption prior to maturity.

If an Event of Default shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 each and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his or her attorney duly authorized in writing, at the corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The Successor Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Successor Agency and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Successor Agency and the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor 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 herein of any Bond without the express written consent of the registered owner of such Bond, reduce the percentage of Bonds required for the written consent to any such amendment or modification or, without its written consent thereto, modify any of the rights or obligations of the Trustee.

This Bond is not a debt of the County of Orange, the State of California, or any of its political subdivisions (except the Successor Agency), and none of said County, said State, nor any of its political subdivisions (except the Successor Agency) is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Successor Agency as set forth in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness

of the Successor Agency, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Successor Agency to the Orange County Development Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of the Public Finance Manager of the County of Orange, California, acting in her capacity as designee of the Successor Agency to the Orange County Development Agency and the Clerk, all as of the Dated Date.

SUCCESSOR AGENCY TO THE ORANGE
COUNTY DEVELOPMENT AGENCY

By: _____
Public Finance Manager of the County of
Orange, California, acting in her capacity as
designee of the Successor Agency to the Orange
County Development Agency

Clerk

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture.

Date: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Clerk of the Successor Agency to the Orange County
Development Agency

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) _____
attorney, to transfer the same on the
bond register of the Trustee with full power of substitution in the premises.

Dated: _____

Note: The signature(s) on this Assignment must
correspond with the name(s) as written on the face of
the within Bond in every particular without alteration
or enlargement or any change whatsoever.

Signature Guaranteed:

Note: Signature(s) must be guaranteed by
an "eligible guarantor institution."

**RESOLUTION OF THE BOARD OF SUPERVISORS OF
ORANGE COUNTY, CALIFORNIA**

October 22, 2013

**RESOLUTION OF THE SUCCESSOR AGENCY TO THE ORANGE COUNTY
DEVELOPMENT AGENCY AUTHORIZING THE ISSUANCE AND SALE OF
TAX ALLOCATION REFUNDING BONDS, AND APPROVING THE FORM OF
AN INDENTURE OF TRUST, PRELIMINARY OFFICIAL STATEMENT, BOND
PURCHASE CONTRACT, CONTINUING DISCLOSURE AGREEMENT, 2003
BONDS ESCROW AGREEMENT AND RELATED DOCUMENTS AND
AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the Orange County Development Agency (the "Prior Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the "Law"), and the powers of the Prior Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for a redevelopment project known and designated as the "Santa Ana Heights Project Area" has been adopted and by Ordinance No. 3595 of the County of Orange on July 15, 1986 as subsequently amended from time to time, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Prior Agency has previously issued \$38,465,000 aggregate principal amount of Orange County Development Agency Tax Allocation Refunding Bonds (Santa Ana Heights Project Area), Series 2003 (the "2003 Bonds"); and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-In Bill"); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-In Bill resulting in the Prior Agency being dissolved as of February 1, 2012; and

WHEREAS, pursuant to the provisions of the Dissolution Act the powers, assets and obligations of the Orange County Development Agency were transferred on February 1, 2012 to the Successor Agency to the Prior Agency (the "Successor Agency"); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, AB1484 specifically authorizes the issuance of refunding bonds by the Successor Agency to refund outstanding bonds issued by the Prior Agency for the purpose of reducing debt service, provided the provisions of California Health and Safety Code Section 34177.5(a)(1) are met (the "Savings Test"); and

WHEREAS, the Successor Agency wishes at this time, at the direction of the Oversight Board created by the Dissolution Act, to issue bonds in the aggregate principal amount not to exceed Twenty-Four Million Dollars (\$24,000,000) designated as the Successor Agency to the Orange County Development Agency, Santa Ana Heights Refunding Bonds, Issue of 2013 (the "2013 Bonds"), secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a), and/or Section 34177.5(g), all pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law");

WHEREAS, the Successor Agency wishes at this time to approve all matters relating to the issuance and sale of the 2013 Bonds;

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. Provided the Savings Test is met and subject to the provisions of the Indenture referred to in Section 2 hereof, the issuance of the 2013 Bonds in the aggregate principal amount not to exceed Twenty-Four Million Dollars (\$24,000,000) on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The 2013 Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Indenture, as the same will be completed as provided in this Resolution. The proceeds of the sale of the 2013 Bonds shall be applied as provided in the Indenture.

The Successor Agency hereby finds and determines that the issuance of the 2013 Bonds will not impair the ability of the Successor Agency to make the transfers required of the Successor Agency pursuant to Health and Safety Code Section 33670.9 in that the issuance of the 2013 Bonds and the refunding and redemption of the 2003 Bonds as contemplated by this Resolution results in a reduction in total annual debt service payments due from the Successor Agency in each year in which the 2013 Bonds will be outstanding. The Successor Agency further finds and determines that its obligation to make the transfers required by Health and Safety Code Section 33670.9 is not secured by a prior express pledge of tax increment revenue and that the 2013 Bonds will be secured by a first lien pledge of Tax Revenues (as defined in the Indenture).

The Successor Agency hereby further finds and determines, based on all evidence and testimony contained in the record, that the Successor Agency has made diligent efforts to ensure that the lowest long-term cost financing will be obtained for the 2013 Bonds, that the financing shall not provide for any bullets or spikes and shall not use variable rates, and that the Successor Agency has retained an independent financial advisor (the "Financial Advisor") in developing financing proposals and the Successor Agency shall make the work products of the Financial Advisor available to the California Department of Finance at its request.

Section 2. The Indenture of Trust in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein (the "Indenture"), is hereby approved. The Chair and the Clerk of the Successor Agency, or the Public Finance Manager or Chief Financial Officer of the County of Orange California, acting in his/her capacity as designee of the Successor Agency to the Orange County Development Agency (each, an "Authorized Officer") are hereby authorized and directed to execute and deliver the Indenture in the form presented at this meeting with such changes insertions and omissions as may be requested by Bond Counsel and approved by an Authorized Officer, (including any such changes to conform the documents to the provisions of AB 1484, including those related to permissible pledges of property tax revenues comprising former tax increment revenues or to respond to underwriter or rating agency requirements), said execution by an Authorized Officer being conclusive evidence of such approval. Specifically and without limiting the foregoing, any Authorized Officer is authorized and directed to solicit and accept bids for bond insurance for the Bonds, provided s/he determines acceptance of the best bid will result in further debt service savings, and appropriate changes to each of the documents referenced herein to evidence such bond insurance and the terms thereof, are hereby authorized and approved.

Section 3. The Bond Purchase Contract between the Successor Agency and De La Rosa & Co. (the "Underwriter"), in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. Any Authorized Officer of the Successor Agency is hereby authorized and directed to execute the Bond Purchase Contract in the form presented at this meeting with such changes, insertions and omissions as may be approved by the such Authorized Officer, said execution being conclusive evidence of such approval; provided, however, that the Bond Purchase Contract shall be signed only if the terms of the agreement are such that (i) the existing indebtedness is not accelerated, except to the extent necessary to achieve substantially level debt service, (ii) the principal amount of the 2013 Bonds will not exceed the amount required to finance the refunding of the 2003 Bonds, including establishing a customary debt service reserve fund and paying related costs of issuance, (iii) the net present value savings amount generated from the issuance of the 2013 Bonds, expressed as a percentage of the aggregate principal amount being refunded, will be at least 3.00%.

Section 4. The Preliminary Official Statement relating to the 2013 Bonds (the "Preliminary Official Statement"), in the form presented and on file with the Clerk, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as the Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934 ("Rule 15c2-12"). The Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the 2013 Bonds in substantially the form hereby approved, together with such additions thereto and changes therein as are determined necessary by the Authorized Officer to make the Preliminary Official Statement final as of its date for purposes of Rule 15c2-12, including, but not limited to, such additions and changes as are necessary to make all information set forth therein accurate and not misleading..

Section 5. The preparation and delivery of an Official Statement, and its use by the Successor Agency and the Underwriter, in connection with the offering and sale of the 2013 Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be requested by Bond Counsel or the Underwriter and approved by any Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Any Authorized Officer is hereby authorized and directed to execute the final Official Statement and any amendment or supplement

thereto, in the name of and on behalf of the Successor Agency, and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriter.

Section 6. The Continuing Disclosure Agreement in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. The Authorized Officer and the Clerk of the Successor Agency are hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement in the form presented at this meeting with such changes insertions and omissions as may be requested by Bond Counsel and approved by the Chair, said execution being conclusive evidence of such approval.

Section 7. The 2003 Bonds Escrow Agreement, both in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. Any Authorized Officer is hereby authorized and directed to execute and deliver the 2003 Bonds Escrow Agreement in the form presented at this meeting with such changes insertions and omissions as may be requested by Bond Counsel and approved by the Authorized Officer, said execution being conclusive evidence of such approval.

Section 8. The Chair of the Successor Agency, the Clerk of the Successor Agency, the Authorized Officers and any other proper officer of the Successor Agency, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments, relating to the 2013 Bonds and the refunding of the 2003 Bonds, and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Bond Purchase Contract, the Official Statement, the Continuing Disclosure Agreement, the 2003 Bonds Escrow Agreement, this Resolution and any such agreements.

Section 9. U.S. Bank National Association is hereby appointed as Trustee and Dissemination Agent, Stradling Yocca Carlson & Rauth, a Professional Corporation is hereby appointed as Bond Counsel and Disclosure Counsel.

Section 10. This Resolution shall take effect immediately upon its adoption.

The foregoing was passed and adopted by the following vote of the Orange County Board of Supervisors, Acting as the Successor Agency to the Orange County Development Agency, on October 22, 2013, to wit:


AYES:	Supervisors:	JOHN M.W. MOORLACH, JANET NGUYEN, TODD SPITZER PATRICIA BATES, SHAWN NELSON
NOES:	Supervisor(s):	
EXCUSED:	Supervisor(s):	
ABSTAINED:	Supervisor(s):	


CHAIRMAN

STATE OF CALIFORNIA)
COUNTY OF ORANGE)

I, SUSAN NOVAK, Clerk of the Board of Orange County, California, hereby certify that a copy of this document has been delivered to the Chairman of the Board and that the above and foregoing Resolution was duly and regularly adopted by the Orange County Board of Supervisors, Acting as the Successor Agency to the Orange County Development Agency.

IN WITNESS WHEREOF, I have hereto set my hand and seal.


SUSAN NOVAK
Clerk of the Board
County of Orange, State of California

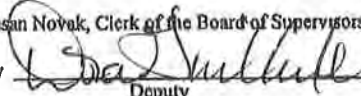


Resolution No: 13-107
Agenda Date: 10/22/2013
Item No: 33



I certify that the foregoing is a true and correct copy of the Resolution adopted by the Board of Supervisors, Acting as the Successor to the Orange County Development Agency, Orange County, State of California

Susan Novak, Clerk of the Board of Supervisors

By 
Deputy