

Orange Countywide Oversight Board

Date: 1/22/2019

Agenda Item No. 5N

From: Successor Agency to the Westminster 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 Successor Agency to the Westminster Redevelopment Agency

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

SAWRA's current financial obligations can be summarized as follows.

- Three bond issuances are currently in repayment. Debt service for two of them, the 2016 and 2018 refunding issues, are each presented as two line items in the ROPS. One line is for current year debt service, and the other is to pre-fund the following year's payments. SAWRA is required by the bond covenants to utilize this pre-funding mechanism, which is common practice. Payment amounts come directly from the debt service schedules.
- An employment generation agreement with Best Buy provides economic development assistance to the retailer to maintain jobs within the Project Area. Payments are made quarterly and are based upon a formula within the agreement. Payment amounts are estimated based on prior years.
- Remaining obligations include service charges, fees, and other costs, which are estimated based on prior years.

The Administrative Budget provides necessary funding for staffing support, including financial oversight and reporting, continuing disclosure reporting, audits, and interaction with the Department of Finance, which is typically extensive throughout the ROPS approval process. Additionally, the Westminster Successor Agency is in litigation on two separate cases with the State.

The Westminster Successor Agency's governing body unanimously approved the 2019-20 ROPS and Administrative Budget at its regularly scheduled meeting on December 12, 2018.

Impact on Taxing Entities

The Project Area is projected to generate approximately \$63 million in property tax increment for the 2019-20 Fiscal Year. The ROPS total funding request is \$10,907,554. Roughly \$17 million in pass through payments will be made according to the various taxing agency agreements in place. The remaining \$35 million, net of standard auditor controller fees, will be shared among the taxing agencies according to their proportional share of the general tax levy.

Attachments

1. Approving Resolution for the Oversight Board
2. ROPS 2019-20 and Administrative Budget
3. SAWRA Resolution 50
4. Excerpt from the 2011 Bond Official Statement
5. Excerpt from the 2016 Refunding Bond Official Statement

6. Excerpt from the 2018 Refunding Bond Official Statement
7. Employment Generation Agreement with Best Buy

Resolution No. 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE
OVERSIGHT BOARD WITH OVERSIGHT OF THE
SUCCESSOR AGENCY TO THE WESTMINSTER
REDEVELOPMENT AGENCY, APPROVING THE
RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20
FOR THE PERIOD JULY 1, 2019 THROUGH JUNE 30, 2020
AND AUTHORIZING TRANSMITTAL TO THE
DEPARTMENT OF FINANCE

WHEREAS, the Successor Agency to the Westminster Redevelopment Agency (“SAWRA”), approved by the Westminster City Council on January 11, 2012 by Resolution 4388, serves as the successor agency for the former Westminster Redevelopment Agency as defined in California Health and Safety Code (“HSC”) Section 34173; and

WHEREAS, among the duties of successor agencies under the California Health and Safety Code (“HSC”) is the preparation of a recognized obligation payment schedule (“ROPS”) for the ensuing twelve-month fiscal year for consideration by a local oversight board and California State Department of Finance (“DOF”) for purposes of administering the wind-down of financial obligations of the former redevelopment agency; and

WHEREAS, Section 34177(l)(2) of the HSC requires SAWRA to submit to the Oversight Board of the Successor Agency to the Westminster Redevelopment Agency (“Board”) for approval a Recognized Obligation Payment Schedule (“ROPS”); and

WHEREAS, Section 34177(l)(2) also requires that the Successor Agency submit, at the same time as to the Board, a copy of the ROPS to the County Executive Officer (“CEO”), the Orange County Auditor-Controller (“CAC”), and the State Department of Finance (“DOF”); and

WHEREAS, in order for the ROPS to be deemed valid, and therefore eligible for payment, it must be approved by the Board, and a copy of the approved ROPS must be submitted to the CAC, the State Controller’s Office, and DOF, and posted on the Successor Agency’s website; and

WHEREAS, SAWRA prepared and approved a ROPS, including an administrative budget, for the period of July 1, 2019 through June 30, 2020 by adoption of Resolution No.50 on December 12, 2018 and submitted it to the Board for review and approval; and

WHEREAS, the Board has reviewed the ROPS 19-20 and desires to approve the ROPS 19-20, and to authorize transmittal such ROPS to the DOF.

NOW THEREFORE, THE ORANGE COUNTYWIDE OVERSIGHT BOARD DOES HEREBY RESOLVE as follows:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into

this Resolution by this reference.

SECTION 2. Approval of the ROPS 19-20. The Oversight Board hereby approves the ROPS 19-20, substantially in the form attached hereto. Staff of the Oversight Board and/or SAWRA is hereby authorized and directed to submit a copy of the Oversight Board-approved ROPS 18-19 to the DOF, the State Controller, and the County Auditor-Controller, and authorized to post a copy on the City of Westminster's website.

SECTION 3. Authorization. The officers of the Oversight Board and the staff of SAWRA are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including requesting additional review by the DOF and requesting a meet and confer on any disputed items, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

SECTION 4. Certification. The Clerk of the Oversight Board shall attest to the adoption of this Resolution.

SECTION 5. Effective Date. This Resolution shall become effective immediately upon its adoption.

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

Successor Agency:

Westminster

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):	\$ 3,488,125	\$ -	\$ 3,488,125
B	Bond Proceeds	-	-	-
C	Reserve Balance	3,488,125	-	3,488,125
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 1,392,371	\$ 6,027,058	\$ 7,419,429
F	RPTTF	1,266,560	5,901,247	7,167,807
G	Administrative RPTTF	125,811	125,811	251,622
H	Current Period Enforceable Obligations (A+E):	\$ 4,880,496	\$ 6,027,058	\$ 10,907,554

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.

Name

Title

/s/

Signature

Date

Westminster 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	
								\$ 189,717,915		\$ 10,907,554	\$ 0	\$ 3,488,125	\$ 0	\$ 1,266,560	\$ 125,811	\$ 4,880,496	\$ 0	\$ 0	\$ 0	\$ 5,901,247	\$ 125,811	\$ 6,027,058
1	2008 T/A Bonds	Bonds Issued On or Before	2/1/2009	8/1/2027	Union Bank	Bonds issued to fund redevelopment	All Areas		Y	\$ -						\$ -						\$ -
3	2011 T/A Bonds - Series A	Bonds Issued After 12/31/10	6/1/2011	11/1/2045	Union Bank	Bonds issued to fund redevelopment activities	Amendment Areas 4,5	40,245,094	N	\$ 1,812,157				1,217,560		\$ 1,217,560				594,597		\$ 594,597
5	Continuing Disclosure	Bonds Issued On or Before 12/31/10	8/1/2018	6/30/2019	Fiscal Consultant	Bonds issued to fund redevelopment activities	All Areas	176,000	N	\$ 6,000						\$ -				6,000		\$ 6,000
6	Administrative Allowance	Admin Costs	8/1/2018	6/30/2019	City of Westminster	Employee salaries and benefits, training, membership dues	All Areas		N	\$ 251,622					125,811	\$ 125,811					125,811	\$ 125,811
7	Ongoing pension & medical obligation	Unfunded Liabilities	11/9/1982	6/30/2018	City of Westminster	Ongoing retirement and health expenses pursuant to employee MOUs	All Areas	1,985,021	N	\$ -						\$ -						\$ -
12	Professional services - bank fees	Professional Services	1/1/2014	6/30/2019	Union Bank, Bank of America, Chandler Asset Management	Bank custody/fees	All Areas	87,000	N	\$ 3,000				1,500		\$ 1,500				1,500		\$ 1,500
13	Professional services - arbitrage and trustee fees	Professional Services	1/1/2014	6/30/2019	Union Bank, Muni Financial	Arbitrage and Trustee fees for bonds	All Areas	141,400	N	\$ 15,000				5,000		\$ 5,000				10,000		\$ 10,000
14	Consulting services - Agency wind down	Professional Services	1/1/2016	6/30/2019	RSG, Inc	Successor Agency wind-down assistance, and consulting services for ongoing obligations	All Areas		Y	\$ -						\$ -						\$ -
22	Repayment of SERAF Loan	SERAF/ERAF	1/1/2014	6/30/2019	Westminster Housing Authority	Repayment of loan made from Agency Housing Fund for the 2009-10 SERAF Payment	All Areas		Y	\$ -						\$ -						\$ -
23	Repayment of SERAF Loan	SERAF/ERAF	1/1/2014	6/30/2019	Westminster Housing Authority	Repayment of loan made from Agency Housing Fund for the 2010-11 SERAF Payment	All Areas		Y	\$ -						\$ -						\$ -
24	Employment Generation Agreement	Business Incentive Agreements	6/9/2010	6/16/2020	Best Buy	Best Buy Stores L.P. 2010-032 - Business and Job Retention	Amendment Area 2	165,000	N	\$ 85,000				42,500		\$ 42,500				42,500		\$ 42,500
46	Litigation Expenses	Litigation	1/1/2014	6/30/2019	Jones & Mayer	Litigation fees and expenses	All Areas	50,000	N	\$ -						\$ -						\$ -
49	Property Disposition	Property Dispositions	1/1/2014	6/30/2019	City of Westminster/Broker/Appraisor as needed	Expenses related to property disposition as required by LRPMP once approved	All Areas		Y	\$ -						\$ -						\$ -
54	Unencumbered Bond Proceeds 2011	Bonds Issued After 12/31/10	7/1/2016	12/31/2016	City of Westminster	Transfer of unencumbered proceeds to City to use in accordance with bond covenants per SB107	Amendment Areas 4,5		N	\$ -						\$ -						\$ -
55	Prefunding Reserve for 2008 T/A Bonds	Reserves	8/1/2016	8/1/2027	Union Bank	Reserve required for 2008 T/A bonds per 2016 bond indenture because 2008 bonds are subordinate. Debt Service is "A" period must be funded in previous "B" period.	All Areas		Y	\$ -						\$ -						\$ -
56	2016 Tax Allocation Refunding Bonds	Refunding Bonds Issued After 6/27/12	8/1/2016	11/1/2045	MUFG Union Bank	Refunding Bonds	Amendment Areas 3,4,5	124,266,575	N	\$ 3,074,950		1,710,875				\$ 1,710,875				1,364,075		\$ 1,364,075
57	2016 Tax Allocation Refunding Bonds Prefunding Reserve	Reserves	8/1/2016	11/1/2045	MUFG Union Bank	Prefunding bond reserve per the 2016 TARB Indenture. Debt Service is "A" period must be funded in previous "B" period.	Amendment Areas 3,4,5	1,719,075	N	\$ 1,719,075						\$ -				1,719,075		\$ 1,719,075
59	2018 Tax Allocation Refunding Bonds	Refunding Bonds Issued After 6/27/12	4/12/2018	8/1/2027	MUFG Union Bank	Refunding Bonds	All Areas	19,068,500	N	\$ 2,126,500		1,777,250				\$ 1,777,250				349,250		\$ 349,250
60	2018 Tax Allocation Refunding Bonds Prefunding Reserve	Reserves	4/12/2018	8/1/2027	MUFG Union Bank	Prefunding bond reserve per the 2018 TARB Indenture. Debt Service is "A" period must be funded in previous "B" period.	All Areas	1,814,250	N	\$ 1,814,250						\$ -				1,814,250		\$ 1,814,250
61									N	\$ -						\$ -						\$ -
62									N	\$ -						\$ -						\$ -
63									N	\$ -						\$ -						\$ -
64									N	\$ -						\$ -						\$ -
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96									N	\$ -						\$ -						\$ -

Westminster 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	
97									N	\$ -						\$ -						\$ -
98									N	\$ -						\$ -						\$ -
99									N	\$ -						\$ -						\$ -
100									N	\$ -						\$ -						\$ -
101									N	\$ -						\$ -						\$ -
102									N	\$ -						\$ -						\$ -
103									N	\$ -						\$ -						\$ -
104									N	\$ -						\$ -						\$ -
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119									N	\$ -						\$ -						\$ -
120									N	\$ -						\$ -						\$ -
121									N	\$ -						\$ -						\$ -
122									N	\$ -						\$ -						\$ -

Westminster Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

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						
		3,133,425	12,132,413			26,984	
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller						
		66	55,037		64,081	17,076,482	2009 bonds were refunded in 16-17. For simplicity, all interest earned has been categorized in column D
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)						
		3,133,457			22,600	13,043,870	
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)						
				3,628,353		3,628,353	
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					
						404,259	
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)						
		\$ 34	\$ 12,187,450	\$ (3,628,353)	\$ 41,481	\$ 26,984	

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

[illegible]

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing law, the interest on the Series A and the Series B Bonds is excluded from gross income of the owners thereof for federal income tax purpose and is not a specific preference item for purposes of the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS". The Agency has determined that interest on the Series B-T Bonds is not excluded from gross income of the owners thereof for federal income tax purposes.

NEW ISSUE - Book-Entry Only

RATINGS:
S&P: "A"
(See "RATINGS")

**WESTMINSTER REDEVELOPMENT AGENCY
WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1**

\$24,305,000
2011 Tax Allocation Bonds Series A
Subordinate Lien
(Tax-Exempt)

\$10,400,000
2011 Tax Allocation Bonds Series B
Subordinate Lien
(Tax-Exempt)

\$5,560,000
2011 Tax Allocation Bonds Series B-T
Subordinate Lien
(Taxable)

Dated: June 9, 2011

Due: November 1, as shown on inside front cover

The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decisions. See "RISK FACTORS" herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds, including a discussion of the California Governor's proposal to eliminate redevelopment, which, if enacted in its current form, would eliminate redevelopment agencies.

The Westminster Redevelopment Agency (the "Agency") is issuing its (i) Westminster Commercial Redevelopment Project No. 1, 2011 Tax Allocation Bonds Series A, Subordinate Lien (Tax-Exempt) (the "Series A Bonds"), (ii) Westminster Commercial Redevelopment Project No. 1, 2011 Tax Allocation Bonds Series B, Subordinate Lien (Tax-Exempt) (the "Series B Bonds" and referenced to herein with the Series A Bonds as the "Tax-Exempt Bonds"), and (iii) Westminster Commercial Redevelopment Project No. 1, 2011 Tax Allocation Bonds Series B-T, Subordinate Lien (Taxable) (the "Series B-T Bonds" and referenced to herein, together with the Tax-Exempt Bonds, as the "Bonds") as described in this Official Statement.

The Bonds are being issued in accordance with a Trust Indenture dated as of June 1, 2011 (the "Indenture"), by and between the Agency and Union Bank, N.A., Los Angeles, California, as trustee (the "Trustee"), and a resolution of the Agency adopted on May 26, 2011.

The Bonds will be issued and delivered as fully registered bonds without coupons, and when delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Payment of principal of and interest on the Bonds will be paid by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See "APPENDIX F - BOOK-ENTRY ONLY SYSTEM." Interest on the Bonds is payable semiannually on each May 1 and November 1, commencing November 1, 2011.

The proceeds of the Series A Bonds will be used to (i) pay a portion of the costs of a Civic Center parking facility and an evidence storage facility for the City of Westminster (the "City") police department; (ii) capitalize interest on the Series A Bonds through November 1, 2013; (iii) fund the reserve account; and (iv) pay the costs of issuing the Series A Bonds. The Series B Bonds are being issued to (i) finance improvements to the City's administrative center and to certain City parks and to provide for certain economic development grants, and (ii) pay the costs of issuing the Series B Bonds. The Series B-T Bonds are being issued to (i) acquire property for economic development purposes within the Project Area, and (ii) to pay the costs of issuing the Series B-T Bonds. See "FINANCING PLAN."

The Bonds are special obligations of the Agency payable from and secured by Tax Revenues (as defined herein). Tax Revenues are derived from the tax increment allocated to the Agency from the Westminster Commercial Redevelopment Project No. 1 (excluding the Original Area, Amendment No. 1, Amendment No. 2 and Amendment No. 3), including amounts required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any fiscal year pursuant to Section 33334.2 and 33334.3 of the Redevelopment Law (as defined herein) to the extent available to pay debt service on the Bonds; but excluding amounts required to be paid to entities other than the Agency pursuant to pass-through agreements or similar tax-sharing arrangements entered into pursuant to Section 33401 or 33607.5 of the Redevelopment Law. Except for the Tax Revenues and amounts on deposit in certain funds and accounts under the Indenture, no funds or properties of the Agency are pledged to, or otherwise liable for, the principal of, premium (if any) or interest on the Bonds. Tax increment revenues from the Original Area, Amendment No. 1, Amendment No. 2 and Amendment No. 3 are not pledged to the repayment of the Bonds. See "SECURITY FOR THE BONDS."

The Bonds and their claim on Tax Revenues are subordinate to the Agency's outstanding (i) \$30,140,000 initial aggregate Westminster Commercial Redevelopment Project No. 1 2008 Tax Allocation Refunding Bonds (the "2008 Bonds") and (ii) \$73,055,000 initial aggregate principal amount Westminster Commercial Redevelopment Project No. 1 2009 Subordinate Tax Allocation Bonds (Police Facility) (the "2009 Bonds" and referenced to herein with the 2008 Bonds as the "Senior Bonds"). Except for bonds issued to refund the 2008 Bonds and the 2009 Bonds for debt service savings, the Agency is not permitted to issue additional debt secured by Tax Revenues on a basis senior to the Bonds. See "SECURITY FOR THE BONDS – 2008 Bonds and 2009 Bonds Senior to the Bonds; No Additional Debt".

The Agency may issue additional obligations on a parity or subordinate basis with respect to the lien on Tax Revenues securing the Bonds. See "SECURITY FOR THE BONDS – Additional Debt."

The Series A Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. The Series B Bonds and the Series B-T Bonds are not subject to redemption prior to maturity. See "THE BONDS - Redemption."

NEITHER THE BONDS NOR THE AGENCY'S OBLIGATIONS UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AGENCY) AND NEITHER THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AGENCY) IS LIABLE FOR THE BONDS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE CITY, THE AUTHORITY, THE AGENCY NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE. THE AGENCY HAS NO TAXING POWER

MATURITY SCHEDULE
(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the Bonds involves risks which may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

The Bonds are offered when, as and if issued and accepted by the Underwriters, subject to approval as to their legality by Best Best & Krieger LLP, Riverside, California, Bond Counsel, and subject to certain conditions. Certain other legal matters will be passed on for the Agency by Best Best & Krieger LLP, as disclosure counsel. Certain legal matters will be passed on for the Underwriters by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. Certain legal matters will be passed on for the Agency, the City and the Authority by Jones & Mayer, Fullerton, California. It is anticipated that the Bonds will be delivered to the Underwriters on June 9, 2011, and will be available for delivery in book-entry form through the facilities of DTC in New York, New York, on or about June 10, 2011.

Citi



The date of this Official Statement is June 8, 2011.

MATURITY SCHEDULE

\$24,305,000

WESTMINSTER REDEVELOPMENT AGENCY
WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1
2011 Tax Allocation Bonds Series A
Subordinate Lien
(Tax-Exempt)

<u>Maturity (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> †
2014	\$505,000	3.000%	2.500%	101.615%	960620CU4
2015	515,000	4.000	3.050	103.876	960620CV2
2016	535,000	4.000	3.530	102.287	960620CW0
2027	915,000	5.500	5.630	98.613	960620DE9
2028	495,000	5.500	5.670	98.129	960620DF6
2029	520,000	5.625	5.710	99.033	960620DG4
2030	550,000	5.500	5.750	97.093	960620DH2
2031	580,000	5.625	5.790	98.033	960620CZ3

\$1,760,000 – 4.250% Term Bond due November 1, 2019, Yield: 4.530% CUSIP: † 960620DD1

\$2,005,000 – 5.000% Term Bond due November 1, 2022, Yield: 5.130% CUSIP: † 960620CX8

\$3,205,000 – 5.500% Term Bond due November 1, 2026, Yield: 5.620% CUSIP: † 960620CY6

\$3,445,000 – 5.750% Term Bond due November 1, 2036, Yield: 6.000% CUSIP: † 960620DA7

\$4,560,000 – 5.875% Term Bond due November 1, 2041, Yield: 6.050% CUSIP: † 960620DB5

\$4,715,000 – 5.875% Term Bond due November 1, 2045, Yield: 6.100% CUSIP: † 960620DC3

\$10,400,000

WESTMINSTER REDEVELOPMENT AGENCY
WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1
2011 Tax Allocation Bonds Series B
Subordinate Lien
(Tax-Exempt)

<u>Maturity (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> †
2012	\$2,335,000	2.000%	1.500%	100.686%	960620DJ8
2013	8,065,000	3.000	2.000	102.325	960620DK5

\$5,560,000

WESTMINSTER REDEVELOPMENT AGENCY
WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1
2011 Tax Allocation Bonds Series B-T
Subordinate Lien
(Taxable)

<u>Maturity (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> †
2012	\$5,560,000	2.250%	2.250%	100.000%	960620DL3

† Copyright 2011, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the Agency nor the Underwriters assume any responsibility for the accuracy of the CUSIP data.

WESTMINSTER REDEVELOPMENT AGENCY

CITY COUNCIL AND AGENCY BOARD

Margie L. Rice, *Mayor/Chair*
Tyler Truong Diep, *Mayor Pro Tem/Vice Chair*
Frank G. Fry, *Councilmember/Member*
Tri Ta, *Councilmember/Member*
Andy Quach, *Councilmember/Member*

CITY AND AGENCY STAFF

Mitch Waller, *City Manager/Executive Director*
Doug McIsaac, *Community Development Director*
Paul Espinoza, *Finance Director*

Agency Counsel

Jones & Mayer
Fullerton, California

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Best Best & Krieger LLP
Riverside, California

Financial Advisor

C.M. de Crinis & Co., Inc.
Sherman Oaks, California

Fiscal Consultant

Rosenow Spevacek Group Inc.
Santa Ana, California

Trustee

Union Bank, N.A.
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

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

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Agency or any other parties described in this Official Statement, or in the condition of the security for the Bonds since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

Involvement of Underwriters. The Underwriters have submitted the following statement for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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This is a detailed map of Southern California, showing major cities, highways, and geographical features. The map includes labels for cities like Los Angeles, San Diego, and San Francisco, as well as highways like I-5, I-15, and I-805. It also shows the Pacific Ocean, the Gulf of Santa Catalina, and the Channel Islands.

Major Cities and Towns: Los Angeles, Long Beach, Torrance, West Carson, West Athens, Hawthorne, Inglewood, Gardena, Compton, Norwalk, Downey, Bellflower, Artesia, Lakewood, Cypress, Stanton, Garden Grove, Orange, Santa Ana, Tustin, Irvine, Costa Mesa, Newport Beach, Laguna Beach, San Juan Capistrano, San Clemente, San Diego, San Marcos, Escondido, Vista, San Ramon, Fremont, Union City, Newark, Jersey City, Hoboken, New York City, Philadelphia, Washington, D.C., Baltimore, Chicago, St. Louis, Kansas City, Denver, Salt Lake City, Phoenix, San Antonio, Austin, Houston, Dallas, Fort Worth, Atlanta, Miami, Tampa, Orlando, Jacksonville, Savannah, Charleston, Richmond, Norfolk, Boston, New England, and various other cities across the United States and Canada.

Highways: I-5, I-15, I-805, I-405, I-10, I-210, I-78, I-76, I-74, I-70, I-66, I-64, I-60, I-58, I-54, I-50, I-48, I-44, I-40, I-38, I-34, I-30, I-28, I-24, I-20, I-18, I-14, I-10, I-8, I-4, I-2, I-1, I-0.

Geographical Features: Pacific Ocean, Gulf of Santa Catalina, Channel Islands, Santa Monica Bay, Long Beach Harbor, San Pedro Bay, Los Angeles Harbor, San Diego Bay, San Francisco Bay, San Juan Bay, San Clemente Bay, San Marcos Bay, Escondido Bay, Vista Bay, San Ramon Bay, Fremont Bay, Union City Bay, Newark Bay, Jersey City Bay, Hoboken Bay, New York City Bay, Philadelphia Bay, Washington, D.C. Bay, Baltimore Bay, Chicago Bay, St. Louis Bay, Kansas City Bay, Denver Bay, Salt Lake City Bay, Phoenix Bay, San Antonio Bay, Austin Bay, Houston Bay, Dallas Bay, Fort Worth Bay, Atlanta Bay, Miami Bay, Tampa Bay, Orlando Bay, Jacksonville Bay, Savannah Bay, Charleston Bay, Richmond Bay, Norfolk Bay, Boston Bay, New England Bay.

Channel Islands Santa Catalina Island

Gulf of Santa Catalina

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San Clemente 

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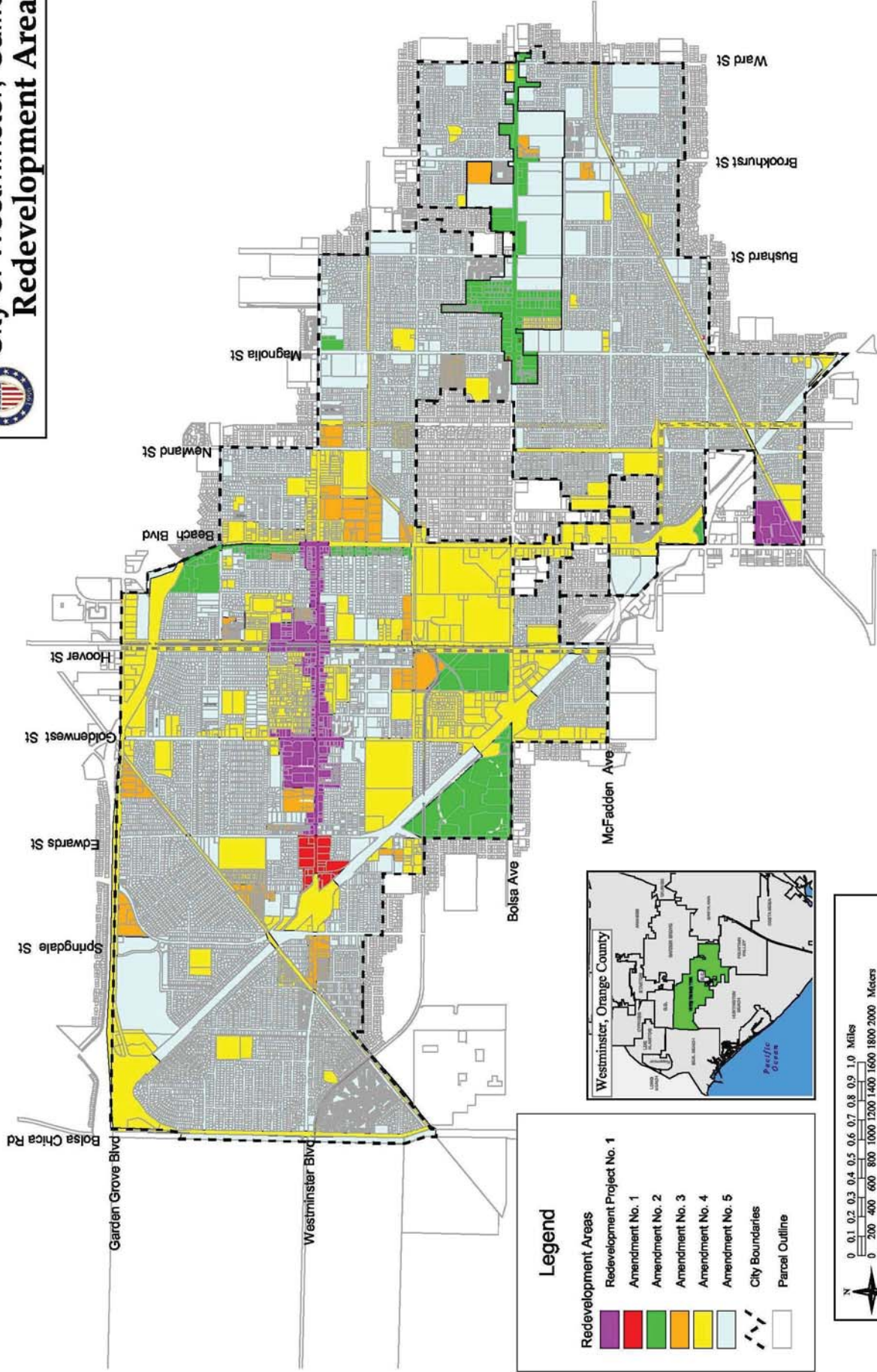
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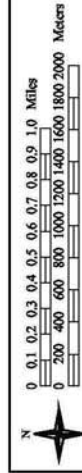
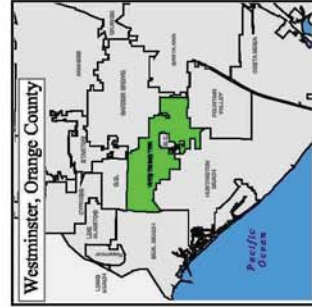


City of Westminster, California Redevelopment Areas



Legend

- Redevelopment Areas
 - Redevelopment Project No. 1
 - Amendment No. 1
 - Amendment No. 2
 - Amendment No. 3
 - Amendment No. 4
 - Amendment No. 5
 - Amendment No. 6
- City Boundaries
- Parcel Outline



WESTMINSTER REDEVELOPMENT AGENCY
WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1

\$24,305,000	\$10,400,000	\$5,560,000
2011 Tax Allocation Bonds Series A	2011 Tax Allocation Bonds Series B	2011 Tax Allocation Bonds Series B-T
Subordinate Lien	Subordinate Lien	Subordinate Lien
(Tax-Exempt)	(Tax-Exempt)	(Taxable)

INTRODUCTION

This Introduction contains only a brief description of these issues and does not purport to be complete. The Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Certain events could affect the timely repayment of the principal and interest on the Bonds when due or the receipt of Tax Revenues by the Agency.

This Official Statement, including the cover page and the attached appendices, provides information regarding the issuance by the Westminster Redevelopment Agency (the “Agency”) of (i) Westminster Commercial Redevelopment Project No. 1, 2011 Tax Allocation Bonds Series A, Subordinate Lien (Tax-Exempt) (the “Series A Bonds”), (ii) Westminster Commercial Redevelopment Project No. 1, 2011 Tax Allocation Bonds Series B, Subordinate Lien (Tax-Exempt) (the “Series B Bonds” and referenced to herein with the Series A Bonds as the “Tax-Exempt Bonds”), and (iii) Westminster Commercial Redevelopment Project No. 1, 2011 Tax Allocation Bonds Series B-T, Subordinate Lien (Taxable) (the “Series B-T Bonds” and referenced to herein, together with the Tax-Exempt Bonds, as the “Bonds”) as described in this Official Statement.

See the section of this Official Statement entitled “RISK FACTORS” herein for a discussion of certain factors which should be considered when investing in the Bonds, including a discussion of the California Governor’s proposed fiscal year 2011-12 budget, which, if enacted in its current form, would eliminate redevelopment agencies.

Draft legislation implementing the California Governor’s proposal was released by the Department of Finance of the State on February 23, 2011 and AB 101 and SB 77 (the “Budget Trailer Bills”) were released on March 16, 2011. See “RISK FACTORS – Governor’s Proposal to Eliminate Redevelopment” herein for a discussion of the draft legislation. The Agency and the Underwriter have the right under the bond purchase agreement to not proceed with the issuance of bonds if (i) legislation is enacted adversely impacting the Agency’s receipt of tax increment revenues; (ii) legislation is enacted which would impose limitations or burdens on the Agency or the City by reason of the issuance of the Bonds; (iii) legislation is enacted which purports to prohibit the issuance of the Bonds; or (iv) legislation is enacted which prevents the expenditure of Bond proceeds.

Authority for Issuance

The Bonds are being issued under the Community Redevelopment Law, constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the “Redevelopment Law”), a resolution of the Agency, a resolution of the Westminster Public Financing Authority, and a resolution of the City of Westminster (the “City”) each being adopted on May 26, 2011.

The Bonds will be issued under a Trust Indenture, dated as of June 1, 2011 (the “Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Trustee”).

Purpose of Issuance

The proceeds of the Series A Bonds will be used to (i) pay a portion of the costs of a Civic Center parking facility and an evidence storage facility for the City police department; (ii) capitalize interest on the Series A Bonds through November 1, 2013; (iii) fund the reserve account; and (iv) pay the costs of issuing the

Series A Bonds. The Series B Bonds are being issued to (i) finance improvements to the City's administrative center and to certain City parks and to provide for certain economic development grants, and (ii) pay the costs of issuing the Series B Bonds. The Series B-T Bonds are being issued to (i) acquire property for economic development purposes within the Project Area, and (ii) to pay the costs of issuing the Series B-T Bonds. See "FINANCING PLAN."

Security for the Bonds

The Bonds are limited obligations of the Agency secured by a pledge of and lien on "Tax Revenues." Tax Revenues are defined in the Indenture as follows: that portion of taxes annually allocated to the Agency with respect to the Westminster Commercial Redevelopment Project No. 1 (the "Project Area") (excluding therefrom the Original Area, Amendment 1, Amendment 2 and Amendment 3 for purposes of this definition, unless some or all of said areas are added to the definition hereof by subsequent action of the Agency pursuant to a Supplemental Indenture following amendment of the Redevelopment Plan or other action permitted under the Law to add some or all of said areas) pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including (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 and (b) amounts that are required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Sections 33334.2 and 33334.3 ("Housing Set-Aside") of the Redevelopment Law to the extent applied to the payment of principal, interest and premium with respect to the Bonds; but excluding all amounts of such taxes (i) required to be paid to entities other than the Agency pursuant to pass-through agreements or similar tax-sharing arrangements entered into pursuant to Section 33401 or imposed by Section 33607.5 of the Law which are not by their terms or otherwise subordinate to the payment of principal, interest and premium on the Bonds; (ii) required to pay debt service on the 2008 Bonds (excluding debt service on the 2008 Bonds payable from amounts in the Low and Moderate Income Housing Fund of the Agency) and any amounts payable with respect to any reserve fund surety policy or bond insurance policy with respect to such bonds; and (iii) required to pay debt service on the 2009 Bonds and any amounts payable with respect to any reserve fund surety policy or bond insurance policy with respect to such bonds.

The Project Area consists of the Original Area and five separate amendment areas. Only Tax Revenues from Amendment No. 4 and Amendment No. 5 (the "Pledged Areas") are pledged to the repayment of the Bonds. The Orange County Auditor-Controller reports that the Fiscal Year 2010-11 tax assessment roll for the Pledged Areas is projected to show incremental assessed valuation of \$2,686,397,715 over the Base Year. See "THE WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Projected Taxable Valuation and Tax Revenues" and "– Projected Tax Revenues and Estimated Debt Service Coverage" and APPENDIX G – "FISCAL CONSULTANT'S REPORT" herein. See also APPENDIX C hereto for a copy of the Agency's audited financial statements for Fiscal Year 2009-10.

The projections of Tax Revenues contained in this Official Statement are based on current assessed valuations within the Pledged Areas and on the current tax rates and estimated future tax rates applicable to the taxable property in the Pledged Areas. Any future decrease in the receipt of taxes, the assessed valuation of property located in the Pledged Areas, the applicable tax rates or the economic stability of the Pledged Areas would reduce the Tax Revenues allocated to the Agency and correspondingly would have an adverse impact on the ability of the Agency to pay debt service on the Bonds. See "THE WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Projected Taxable Valuation and Tax Revenues" and "– Projected Tax Revenues and Estimated Debt Service Coverage," "LIMITATIONS ON TAX REVENUES" and "BOND OWNERS' RISKS – Estimate of Tax Revenues" herein.

A Reserve Account is being established for the Bonds in an amount equal to the Reserve Requirement. See "SECURITY FOR THE BONDS – The Reserve Account" herein.

Senior Obligations. 2008 Bonds. On June 10, 2008, the Agency issued its \$30,140,000 initial aggregate principal amount Westminster Commercial Redevelopment Project No. 1 2008 Tax Allocation Refunding Bonds (the "2008 Bonds"). The 2008 Bonds are secured by tax increment revenues generated from

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject to certain qualifications described herein, under existing statutes, regulations, rules and court decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "OTHER INFORMATION — Tax Matters" herein.

\$77,425,000
Successor Agency to the
Westminster Redevelopment Agency
Westminster Commercial Redevelopment Project No. 1
2016 Subordinate Tax Allocation Refunding Bonds

Dated: Date of Delivery

Due: November 1, as shown on inside cover

The Successor Agency to the Westminster Redevelopment Agency (the "Agency" or "Successor Agency") Westminster Commercial Redevelopment Project No. 1 (the "Project Area"), 2016 Subordinate Tax Allocation Refunding Bonds (the "Series 2016 Bonds" or "Bonds") will be secured under an Indenture of Trust (the "Indenture"), dated as of August 1, 2016, by and between the Successor Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"). The payments due under the Indenture are secured primarily by a pledge of, security interest in and lien on Tax Revenues (as defined in the Indenture and described herein) allocated as described herein and payable on a parity with certain other obligations described herein. See "SECURITY FOR THE BONDS" herein.

The Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of interests in the Bonds will not receive certificates from the Successor Agency or the Trustee representing their interest in the Bonds purchased. Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year, commencing November 1, 2016. Payments of principal, premium, if any, and interest on the Bonds will be payable by the Trustee, to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

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

The scheduled payment of principal of and interest on the Serial Bonds maturing on November 1 of the years 2026 through 2036, inclusive, the Term Bond maturing November 1, 2041 (CUSIP No. 96062CAW6) and the Term Bond maturing November 1, 2045 (CUSIP No. 96062CAY2), as indicated on the inside cover hereof (collectively, the "Insured Bonds"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



The Bonds are also secured by a Municipal Bond Debt Service Reserve Insurance Policy issued by Build America Mutual Assurance Company.

The Bonds are a special obligation of the Agency payable solely from Tax Revenues, defined herein, and certain other amounts on deposit in the Successor Agency's Redevelopment Property Tax Trust Fund, and moneys held under the Indenture. None of the City of Westminster (the "City"), County of Orange (the "County") nor the State of California shall be obligated to pay the principal of the Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the City, the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Agency, the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation therefor. The Agency does not have any taxing power. **The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.**

The Bonds and their claim on Tax Revenues are subordinate to the Agency's outstanding \$30,140,000 initial aggregate principal amount of Westminster Commercial Redevelopment Project No. 1 2008 Tax Allocation Refunding Bonds (the "2008 Bonds" and also referenced herein as the "Senior Bonds"). The Agency is not permitted to issue additional debt secured by Tax Revenues on a basis senior to the Bonds, except for the purpose of refunding for savings the 2008 Bonds. See "SECURITY FOR THE BONDS — Issuance of Subordinate Bonds; No Additional Senior Debt".

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on this cover page shall have the meanings set forth herein.

For a discussion of some of the risks associated with a purchase of the Bonds, see "BOND OWNERS' RISKS" herein.

MATURITY SCHEDULE
See inside front cover

The Bonds are offered when, as and if issued, subject to the approval of their legality by Best Best & Krieger, Riverside, California, Bond Counsel. Certain disclosure matters will be passed upon for the Agency as Disclosure Counsel by Best Best & Krieger LLP, Riverside, California. Certain matters will be passed on for the Agency by the Jones & Mayer, Fullerton, California, and for the Underwriters by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in definitive form on or about August 3, 2016.

STIFEL

Citigroup

Dated: July 14, 2016

\$77,425,000
Successor Agency to the
Westminster Redevelopment Agency
Westminster Commercial Redevelopment Project No. 1
2016 Subordinate Tax Allocation Refunding Bonds

MATURITY SCHEDULE

\$35,075,000
Serial Bonds
(Base CUSIP[†]: 96062C)

<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
2017	\$ 325,000	2.000%	0.690%	101.620	AA4
2018	330,000	3.000	0.810	104.860	AB2
2019	340,000	4.000	0.930	109.788	AC0
2020	355,000	4.000	1.030	112.302	AD8
2021	365,000	4.000	1.150	114.463	AE6
2022	380,000	4.000	1.330	115.946	AF3
2023	395,000	4.000	1.490	117.174	AG1
2024	415,000	4.000	1.630	118.212	AH9
2025	430,000	4.000	1.770	118.937	AJ5
2026	445,000 ^{††}	4.000	1.810	120.392	AK2
2027	465,000 ^{††}	5.000	1.950	128.195 ^C	AL0
2028	2,850,000 ^{††}	5.000	2.040	127.236 ^C	AM8
2029	2,990,000 ^{††}	5.000	2.090	126.707 ^C	AN6
2030	3,140,000 ^{††}	5.000	2.120	126.391 ^C	AP1
2031	3,295,000 ^{††}	4.000	2.440	114.062 ^C	AQ9
2032	3,425,000 ^{††}	4.000	2.500	113.479 ^C	AR7
2033	3,560,000 ^{††}	4.000	2.550	112.997 ^C	AS5
2034	3,710,000 ^{††}	4.000	2.610	112.421 ^C	AT3
2035	3,855,000 ^{††}	4.000	2.650	112.039 ^C	AU0
2036	4,005,000 ^{††}	4.000	2.690	111.658 ^C	AV8

\$7,565,000^{††} 3.000% Insured Term Bond due November 1, 2041, Yield 3.070%, Price: 98.773, CUSIP[†]: 96062CAW6

\$14,575,000 3.000% Term Bond due November 1, 2041, Yield 3.140%, Price: 97.569, CUSIP[†]: 96062CAX4

\$10,115,000^{††} 3.000% Insured Term Bond due November 1, 2045, Yield 3.100%, Price: 98.083, CUSIP[†]: 96062CAY2

\$10,095,000 3.000% Term Bond due November 1, 2045, Yield 3.170%, Price: 96.771, CUSIP[†]: 96062CAZ9

^{††} Insured Bond.

^C Priced to call November 1, 2026.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by S&P Capital IQ. Copyright© 2016 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. The Successor Agency to the Westminster Redevelopment Agency and the Underwriters do not take any responsibility for the accuracy of the CUSIP® numbers.

**SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY**

CITY COUNCIL

Tri Ta, Mayor
Sergio Contreras, Mayor Pro Tem
Diana Lee Carey, Council Member
Tyler Diep, Council Member
Margie L. Rice, Council Member

SUCCESSOR AGENCY/CITY STAFF

Eddie Manfro, City Manager
Chester Simmons, Assistant City Manager
Jones & Mayer, City Attorney

SPECIAL SERVICES

Trustee

MUFG Union Bank, N.A.

Bond Counsel & Disclosure Counsel

Best Best & Krieger LLP
Riverside, California

Municipal Advisor

C.M. de Crinis & Co. Inc.
Glendale, California

Fiscal Consultant

RSG Inc.
Santa Ana, California

Verification Agent

Causey Demgen & Moore
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful.

The information set forth herein has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Successor Agency. Neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof. The information and expressions of opinion stated herein are subject to change without notice.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking” statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the Successor Agency in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The Successor Agency disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the Successor Agency with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All summaries of the Indenture (as defined herein), and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Bond and the Successor Agency.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The City maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and APPENDIX I – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

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This is a detailed map of Southern California, showing major cities, highways, and geographical features. The map includes labels for cities like Los Angeles, San Diego, San Francisco, and San Jose. It also shows the Pacific Ocean, the Gulf of Santa Catalina, and the Channel Islands. A scale bar at the bottom indicates distances in miles.

Channel Islands Santa Catalina Island

Gulf of Santa Catalina

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San Clemente

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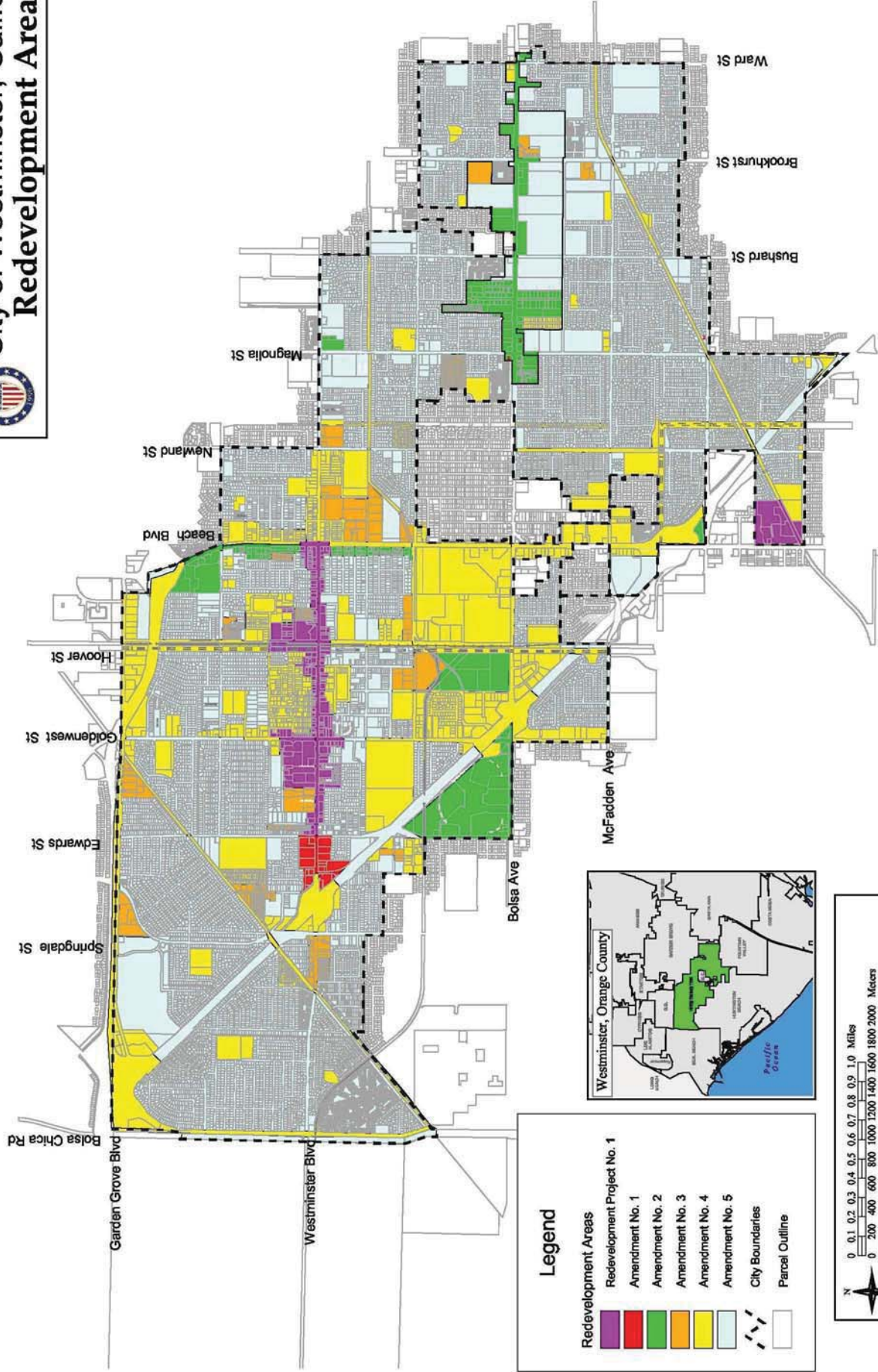
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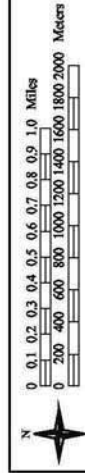
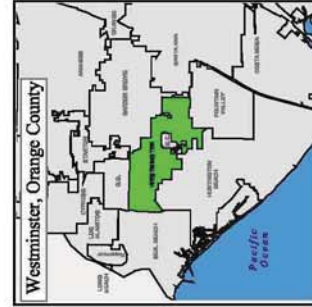


City of Westminster, California Redevelopment Areas



Legend

- Redevelopment Areas
 - Redevelopment Project No. 1
 - Amendment No. 1
 - Amendment No. 2
 - Amendment No. 3
 - Amendment No. 4
 - Amendment No. 5
- City Boundaries
- Parcel Outline



\$77,425,000
Successor Agency to the
Westminster Redevelopment Agency
Westminster Commercial Redevelopment Project No. 1
2016 Subordinate Tax Allocation Refunding Bonds

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

General

This Official Statement, including the cover page, inside cover page, and appendices hereto, provides information in connection with the issuance by the Successor Agency to the Westminster Redevelopment Agency (the “Agency” or the “Successor Agency”) of its Westminster Commercial Redevelopment Project No. 1 2016 Subordinate Tax Allocation Refunding Bonds in the aggregate principal amount of \$77,425,000 (the “Series 2016 Bonds” or the “Bonds”).

Purpose

The Bonds are being issued (i) to refinance certain outstanding obligations of the Agency issued for the benefit of the Westminster Commercial Redevelopment Project No. 1 (the “Project Area”) established by the Westminster Redevelopment Agency (the “Former Agency”), (ii) to satisfy the Reserve Requirement of the reserve account for the Bonds with either cash or a Reserve Policy (as hereinafter defined), and (iii) to pay costs of issuance of the Bonds, including the financial guaranty insurance premium for the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Authority for Issuance of the Bonds

The Bonds are being issued by the Successor Agency pursuant to the Community Redevelopment Law, consisting of Part 1 of Division 24 of the California Health and Safety Code (the “Redevelopment Law”), the provisions of Assembly Bill X1 26, consisting of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484 (“AB 1484”), and as further amended on September 22, 2015 by Senate Bill 107 (“SB 107”) (as so amended, the “Dissolution Act”) and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California (the “Refunding Law”).

The Successor Agency will issue its Bonds pursuant to an Indenture of Trust dated as of August 1, 2016 (the “Indenture”), by and between the Successor Agency and MUFG Union Bank, N.A. (the “Trustee”), the proceeds of which will be used to refund all or portion of certain bonds and indebtedness of the Successor Agency as more fully described herein.

The Bonds will be payable from, and secured by, property tax revenues (formerly tax increment revenues) related to the Project Area which will include moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund, as defined herein, excluding amounts payable as pass-through obligations, described herein, as provided in the California Health and Safety Code as more fully described herein. Collectively, such tax increment revenues subject to a pledge under the Indenture are referred to herein as “Tax Revenues.” The lien on Tax Revenues is subordinate to the Agency’s outstanding 2008 Bonds, as defined herein. See “SECURITY FOR THE BONDS.” The Bonds are also secured by certain other amounts on deposit in the Redevelopment Property Tax Trust Fund, as described herein under “SECURITY FOR THE BONDS – Funds and Accounts Established Under the Indenture.”

Under the Dissolution Act, the issuance of the Series 2016 Bonds was subject to review and approval, of the Successor Agency's Oversight Board, as described below, and the Department of Finance of the State of California (the "State Department of Finance," or "DOF"). All such approvals have been obtained. See "SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY."

The Oversight Board for the Successor Agency approved the issuance of the Series 2016 Bonds by the Successor Agency by resolution adopted on April 28, 2016 (the "Oversight Board Resolution"). The State Department of Finance released its letter approving the Oversight Board Resolution approving the issuance of the Bonds on June 29, 2016. See APPENDIX H – "STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS."

The City and the Successor Agency

The City. The City of Westminster was incorporated in 1957. The City has a City Council/City Manager form of government with the City Council appointing a professional administrator. The City Council consists of five members. Four members are elected by popular vote to serve four-year terms on the City Council. Council elections are held in even numbered years. Since 1986, the Mayor is directly elected by the voters for a four-year term. The estimated population of the City was 93,383 as of July 1, 2015. For Certain information with respect to the City, see APPENDIX B – "GENERAL INFORMATION ABOUT THE CITY OF WESTMINSTER DEMOGRAPHIC INFORMATION."

The Successor Agency. As described below, the Successor Agency has succeeded to certain rights of the Former Agency. The Former Agency was organized by the City Council in 1982, to exercise the powers granted by the Redevelopment Law.

Pursuant to the Dissolution Act, redevelopment agencies in California, including the Former Agency, were dissolved, and with certain exceptions, could no longer conduct redevelopment activities. The Successor Agency, however, is authorized to continue to refinance existing bonds in order to achieve a savings in debt service. See "–The Project Area" below. See also "SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY" for a discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

Pursuant to the Dissolution Act, the City has elected to serve as the Successor Agency. However, the Dissolution Act expressly clarifies that the City and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the City by the virtue of the City's election to serve as the Successor Agency.

The Project Area

The Project Area consists of the Original Area and five separate amendment areas. Only Tax Revenues from Amendment No. 3, Amendment No. 4 and Amendment No. 5 (the "Pledged Areas") are pledged to the repayment of the Bonds. Additionally, the Bonds have a pledge of funds in the Redevelopment Property Tax Trust Fund as further described herein, which includes certain tax increment generated from the Original Area and Amended Areas 1 and 2. The Orange County Auditor-Controller reports that the Fiscal Year 2015-16 tax assessment roll for the Pledged Areas is \$7,184,218,268, and shows incremental assessed valuation of \$4,225,232,940 comprised of \$294,461,822 over the Base Year for Amendment No. 3, \$549,287,786 over the Base Year for Amendment No. 4 and \$3,381,483,362 over the Base Year in Amendment No. 5. See "THE WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Projected Taxable Valuation and Tax Revenues" and "—Projected Tax Revenues and Estimated Debt Service Coverage" and APPENDIX A – "FISCAL CONSULTANT REPORT" herein. See also APPENDIX C hereto for a copy of the audited financial statements for Fiscal Year ending June 30, 2015.

Under the Dissolution Act, the Bonds are also secured by a pledge of, and payable from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund held and administered by the Office of the Auditor Controller of the County of Orange (the "County Auditor-Controller") with respect to the

Successor Agency (the “Redevelopment Property Tax Trust Fund”). DISCUSSIONS HEREIN REGARDING TAX REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE COUNTY AUDITOR-CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND EQUAL TO SUCH TAX REVENUES. The Dissolution Act authorizes the issuance of bonds by a successor agency to refund bonds previously issued by a former redevelopment agency, which bonds may be secured by a pledge of property tax increment with the same legal effect as if the Bonds had been issued prior to the Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date. See “SECURITY FOR THE BONDS – Pledge of Tax Revenues.”

Terms of the Bonds

The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof (the “Authorized Denominations”). The Bonds will be dated their date of delivery and are payable with respect to interest semiannually each May 1 and November 1, commencing on November 1, 2016.

The Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Bonds. See APPENDIX E – “DTC AND THE BOOK-ENTRY SYSTEM” attached hereto.

The Bonds are subject to redemption prior to maturity, as described herein. See “THE BONDS – Redemption of the Bonds” herein.

Security for the Bonds

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies in the Project Area thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues and certain other amounts pledged under the Indenture, and the Agency is not obligated to pay the Bonds except from such Tax Revenues and such other amounts. The pledge of Tax Revenues to the Bonds is subordinate to the Agency’s obligation to pay debt service on the 2008 Bonds (defined below). The Bonds are payable as set forth in the Indenture, are not a debt of the City, the County, the State of California or any other political subdivision of the State (except the Successor Agency, to the extent described herein), and none of the State, the County, the City, nor any of the State’s other political subdivisions (except the Successor Agency, to the extent described herein) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” attached hereto.

Senior Obligations. 2008 Bonds. On June 10, 2008, the Agency issued its \$30,140,000 initial aggregate principal amount Westminster Commercial Redevelopment Project No. 1 2008 Tax Allocation Refunding Bonds (the “2008 Bonds” or the “Senior Bonds”) which are outstanding in the amount of \$21,630,000. The 2008 Bonds are secured by tax increment revenues generated from the entire Project Area (being the Original Area and Amendments 1 through 5) that is senior to the claim on Tax Revenues of the Bonds. The Agency is not permitted to issue any additional debt secured by Tax Revenues on a basis senior to

the Bonds, provided, however, that the Agency may issue bonds to refund the 2008 Bonds on a basis senior to the Bonds provided that there are savings in annual debt service and total debt service on such bonds.

Additional Debt. As more fully described under “SECURITY FOR THE BONDS,” the Agency may issue or incur additional obligations on a parity with the pledge of the Tax Revenues securing the Bonds for the purpose of refunding all or a portion of the Bonds if certain conditions are met under the Indenture and the Dissolution Act. The Successor Agency will not be permitted to issue any obligations with a lien senior to the lien of the Bonds, except as described above for the purpose of refunding the 2008 Bonds.

Subordinate Bonds. On June 16, 2011, the Agency issued its Westminster Redevelopment Agency Westminster Commercial Redevelopment Project No. 1 2011 Tax Allocation Bonds, Series A, Subordinate Lien (Tax-Exempt), which are outstanding in the amount of \$23,285,000 (the “2011 Bonds” or the “Subordinate Bonds”).

Reserve Account. In order to further secure the payment of the principal of and interest on the Bonds and Parity Bonds, a Reserve Account is established under the Indenture in an amount equal to the Reserve Requirement, as defined in the Indenture (the “Reserve Requirement”). Amounts on deposit in the Reserve Account will only be available to pay debt service on the Bonds and any future Parity Debt that the Successor Agency elects to secure with amounts on deposit in the Reserve Account, and will not be available to pay debt service on the 2008 Bonds or the 2011 Bonds. None of the reserve funds established for the 2008 Bonds or the 2011 Bonds are available to pay debt service on the Bonds.

Municipal Bond Insurance

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Serial Bonds maturing on November 1 of the years 2026 through 2036, inclusive, the Term Bond maturing November 1, 2041 (CUSIP No. 96062CAW6), and the Term Bond maturing November 1, 2045 (CUSIP No. 96062CAY2), as indicated on the inside cover hereof (the “Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due. A form of the Policy is included as APPENDIX I to this Official Statement.

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account in the Special Fund is established by the Indenture. The Reserve Account will initially be funded by the purchase of a Municipal Bond Debt Service Reserve Fund Insurance Policy (the “Reserve Policy”) issued by BAM in an amount equal to the Reserve Requirement as defined in the Indenture (the “Reserve Requirement”). The Reserve Policy secures all of the Bonds. The initial Reserve Requirement for the Bonds is the amount of \$5,443,500. See “SECURITY FOR THE BONDS – Municipal Bond Debt Service Reserve Insurance Policy.”

Professionals Involved in the Offering

The MUFG Union Bank, N.A., Los Angeles, California, will act as trustee with respect to the Bonds under the Indenture.

C.M. de Crinis & Co. Inc., Glendale, California, has acted as Municipal Advisor to the Agency in the structuring and presentation of the financing.

Rosenow Spevacek Group Inc., Santa Ana, California, has acted as Fiscal Consultant to the Agency and has prepared an analysis of taxable values and tax increment revenues in the Project Area. See APPENDIX A – “FISCAL CONSULTANT REPORT” herein.

All proceedings in connection with the issuance of the Bonds are subject to the approval of Best Best & Krieger LLP, Riverside, California, Bond Counsel, which is also acting as Disclosure Counsel. Stradling Yocca Carlson & Rauth, A Professional Corporation will be acting as counsel to Stifel, Nicolaus & Company, Incorporated, on behalf of itself and Citigroup Global Markets Inc. (collectively, the “Underwriter”). Jones & Mayer, Fullerton, California will pass on certain matters for the Agency as its general counsel. The fees and

expenses of the Financial Advisor, Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

With respect to continuing disclosure, the Agency will prepare and provide annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, any material delinquencies, principal taxpayers, and notices of enumerated events and all other remaining annual information required under the Continuing Disclosure Certificate. The Agency will act as Dissemination Agent and will file the annual reports and notices with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"). See the caption "CONTINUING DISCLOSURE" and APPENDIX G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Reference to Underlying Documents

Brief descriptions of the Bonds, the Indenture, the City, the Successor Agency, the Westminster Commercial Redevelopment Project No. 1 and other related information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of and references to all documents, statutes, reports and other instruments referred to herein is qualified in its entirety by reference to such document, statute, report or instrument, copies of which are all available for inspection at the offices of the Agency. Certain capitalized terms used and not defined herein shall have the meaning given to those terms in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

PLAN OF FINANCE

The Bonds are being issued (i) to refinance the 2009 Bonds as more fully described below, (ii) to satisfy the Reserve Requirement with either cash or the purchase of the Reserve Policy, and (iii) to pay costs of issuance of the Bonds, including, if applicable, the cost of the Policy premium for the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Former Agency previously issued its \$73,055,000 original principal amount of Westminster Commercial Redevelopment Project No. 1 2009 Subordinate Tax Allocation Bonds (the “2009 Bonds”) currently outstanding in the aggregate principal amount of \$73,055,000. The 2009 Bonds were issued pursuant to an Indenture of Trust, dated as of March 1, 2009 (the “2009 Indenture”).

On the date of issuance of the Bonds, a portion of the proceeds will be deposited into an escrow fund established for the 2009 Bonds, pursuant to the Escrow Deposit and Trust Agreement, dated as of July 1, 2016 (the “Escrow Agreement”) by and between the Successor Agency and MUFG Union Bank, N.A., as trustee of the 2009 Bonds. The par amount of \$73,055,000 will be redeemed on November 1, 2019 as a result of the issuance of the Bonds. The amount deposited in the escrow fund for the 2009 Bonds, together with other available moneys, are anticipated to be invested in certain federal securities and irrevocably pledged for the payment of principal and interest due on the 2009 Bonds through and including November 1, 2019 and to pay the redemption price on the date of redemption.

The sufficiency of the deposits in the redemption fund for the 2009 Bonds for those purposes will be verified by Causey Demgen & Moore (the “Verification Agent”), See “OTHER INFORMATION - Verification of Mathematical Computations.” Assuming the accuracy of the Verification Agent’s computations, as a result of the deposit and application of funds as provided in the redemption fund for the 2009 Bonds, the Successor Agency’s obligations under the 2009 Indenture related to the 2009 Bonds will be discharged.

The amounts held and invested by the Escrow Bank for the 2009 Bonds in the escrow fund are pledged solely to the payment of amounts due and payable by the Agency under the 2009 Indenture. Neither the funds deposited in the escrow fund for the 2009 Bonds or the interest on the invested funds will be available for the payment of debt service on the Bonds.

See “ESTIMATED SOURCES AND USES OF FUNDS” below.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of proceeds of the Bonds.

Sources:

Par Amount of Bonds	\$77,425,000.00
Net Original Issue Premium	4,874,283.50
2009 Bonds Funds	<u>5,060,168.14</u>
TOTAL SOURCES:	\$87,359,451.64

Uses:

Costs of Issuance ⁽¹⁾	\$ 1,287,035.46
Deposit to Escrow Fund	<u>86,072,416.18</u>
TOTAL USES:	\$87,359,451.64

⁽¹⁾ Includes Underwriter's Discount, legal fees, printing, rating agency fees and expenses, fees of the Financial Advisor, fees of the Fiscal Consultant, Policy premium, Reserve Policy premium, and other issuance costs of the Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS

The following table provides the annual debt service requirements of the Bonds.

<u>Year Ending (November 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	-	\$ 674,214.44	\$ 674,214.44
2017	\$ 325,000.00	2,758,150.00	3,083,150.00
2018	330,000.00	2,751,650.00	3,081,650.00
2019	340,000.00	2,741,750.00	3,081,750.00
2020	355,000.00	2,728,150.00	3,083,150.00
2021	365,000.00	2,713,950.00	3,078,950.00
2022	380,000.00	2,699,350.00	3,079,350.00
2023	395,000.00	2,684,150.00	3,079,150.00
2024	415,000.00	2,668,350.00	3,083,350.00
2025	430,000.00	2,651,750.00	3,081,750.00
2026	445,000.00	2,634,550.00	3,079,550.00
2027	465,000.00	2,616,750.00	3,081,750.00
2028	2,850,000.00	2,593,500.00	5,443,500.00
2029	2,990,000.00	2,451,000.00	5,441,000.00
2030	3,140,000.00	2,301,500.00	5,441,500.00
2031	3,295,000.00	2,144,500.00	5,439,500.00
2032	3,425,000.00	2,012,700.00	5,437,700.00
2033	3,560,000.00	1,875,700.00	5,435,700.00
2034	3,710,000.00	1,733,300.00	5,443,300.00
2035	3,855,000.00	1,584,900.00	5,439,900.00
2036	4,005,000.00	1,430,700.00	5,435,700.00
2037	4,170,000.00	1,270,500.00	5,440,500.00
2038	4,295,000.00	1,145,400.00	5,440,400.00
2039	4,425,000.00	1,016,550.00	5,441,550.00
2040	4,555,000.00	883,800.00	5,438,800.00
2041	4,695,000.00	747,150.00	5,442,150.00
2042	4,835,000.00	606,300.00	5,441,300.00
2043	4,980,000.00	461,250.00	5,441,250.00
2044	5,125,000.00	311,850.00	5,436,850.00
2045	<u>5,270,000.00</u>	<u>158,100.00</u>	<u>5,428,100.00</u>
Total	\$ 77,425,000	\$55,051,464.44	\$132,476,464.44

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject to certain qualifications described herein, under existing statutes, regulations, rules and court decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "OTHER INFORMATION — Tax Matters" herein.

\$15,370,000
**Successor Agency to the
Westminster Redevelopment Agency
Westminster Commercial Redevelopment Project No. 1
2018 Tax Allocation Refunding Bonds**

Dated: Date of Delivery

Due: August 1, as shown on inside cover

The Successor Agency to the Westminster Redevelopment Agency (the "Agency" or "Successor Agency") Westminster Commercial Redevelopment Project No. 1 (the "Project Area"), 2018 Tax Allocation Refunding Bonds (the "Series 2018 Bonds" or "Bonds") will be secured under an Indenture of Trust (the "Indenture"), dated as of May 1, 2018, by and between the Successor Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"). The payments due under the Indenture are secured by a pledge of, security interest in and lien on Tax Revenues (as defined in the Indenture and described herein) allocated as described herein. See "SECURITY FOR THE BONDS" herein. The Bonds are being issued (i) to refinance certain outstanding obligations of the Agency issued for the benefit of the Westminster Commercial Redevelopment Project No. 1 (the "Project Area") established by the Westminster Redevelopment Agency (the "Former Agency"), (ii) to satisfy the Reserve Requirement of the reserve account for the Bonds with a debt service reserve policy, and (iii) to pay costs of issuance of the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of interests in the Bonds will not receive certificates from the Successor Agency or the Trustee representing their interest in the Bonds purchased. Interest on the Bonds will be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2018. Payments of principal, premium, if any, and interest on the Bonds will be payable by the Trustee, to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

The Bonds are not subject to redemption prior to maturity.

The Bonds are secured by a Municipal Bond Debt Service Reserve Insurance Policy issued by Build America Mutual Assurance Company ("BAM").



The Bonds are a special obligation of the Agency payable solely from Tax Revenues, defined herein, and certain other amounts on deposit in the Successor Agency's Redevelopment Property Tax Trust Fund, and moneys held under the Indenture. None of the City of Westminster (the "City"), County of Orange (the "County") nor the State of California shall be obligated to pay the principal of the Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the City, the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Agency, the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation therefor. The Agency does not have any taxing power. **The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.**

The Agency is not permitted to issue additional debt secured by Tax Revenues on a basis senior to or on a parity with the Bonds. See "SECURITY FOR THE BONDS – No Additional Bonds".

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on this cover page shall have the meanings set forth herein.

For a discussion of some of the risks associated with a purchase of the Bonds, see "BOND OWNERS' RISKS" herein.

MATURITY SCHEDULE
See inside front cover

The Bonds are offered when, as and if issued, subject to the approval of their legality by Best Best & Krieger, Riverside, California, Bond Counsel. Certain disclosure matters will be passed upon for the Agency as Disclosure Counsel by Best Best & Krieger LLP, Riverside, California. Certain matters will be passed on for the Agency by the Jones & Mayer, Fullerton, California, and for the Underwriter by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in definitive form on or about May 10, 2018.

STIFEL

Dated: April 12, 2018

\$15,370,000
Successor Agency to the
Westminster Redevelopment Agency
Westminster Commercial Redevelopment Project No. 1
2018 Tax Allocation Refunding Bonds

MATURITY SCHEDULE

(Base CUSIP[†]: 96062C)

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
2019	\$1,400,000	4.000%	1.580%	\$102.922	BA3
2020	1,465,000	5.000	1.690	107.195	BB1
2021	1,535,000	5.000	1.830	109.880	BC9
2022	1,615,000	5.000	1.910	112.482	BD7
2023	1,695,000	5.000	2.000	114.810	BE5
2024	1,775,000	5.000	2.090	116.900	BF2
2025	1,865,000	5.000	2.190	118.679	BG0
2026	1,960,000	5.000	2.260	120.457	BH8
2027	2,060,000	5.000	2.310	122.230	BJ4

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by S&P Capital IQ. Copyright© 2018 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. The Successor Agency to the Westminster Redevelopment Agency and the Underwriter does not take any responsibility for the accuracy of the CUSIP® numbers.

**SUCCESSOR AGENCY TO THE
WESTMINSTER REDEVELOPMENT AGENCY
CITY COUNCIL**

Tri Ta, Mayor
Tyler Diep, Vice Mayor
Sergio Contreras, Council Member
Kimberly Ho, Council Member
Margie L. Rice, Council Member

SUCCESSOR AGENCY/CITY STAFF

Eddie Manfro, City Manager
Chester Simmons, Assistant City Manager
Jones & Mayer, City Attorney

SPECIAL SERVICES

Trustee

MUFG Union Bank, N.A.

Bond Counsel & Disclosure Counsel

Best Best & Krieger LLP
Riverside, California

Municipal Advisor

C.M. de Crinis & Co. Inc.
Glendale, California

Fiscal Consultant

RSG Inc.
Santa Ana, California

Verification Agent

Causey Demgen & Moore
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful.

The information set forth herein has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Successor Agency. Neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof. The information and expressions of opinion stated herein are subject to change without notice.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking” statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the Successor Agency in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The Successor Agency disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the Successor Agency with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All summaries of the Indenture (as defined herein), and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Bond and the Successor Agency.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The City maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

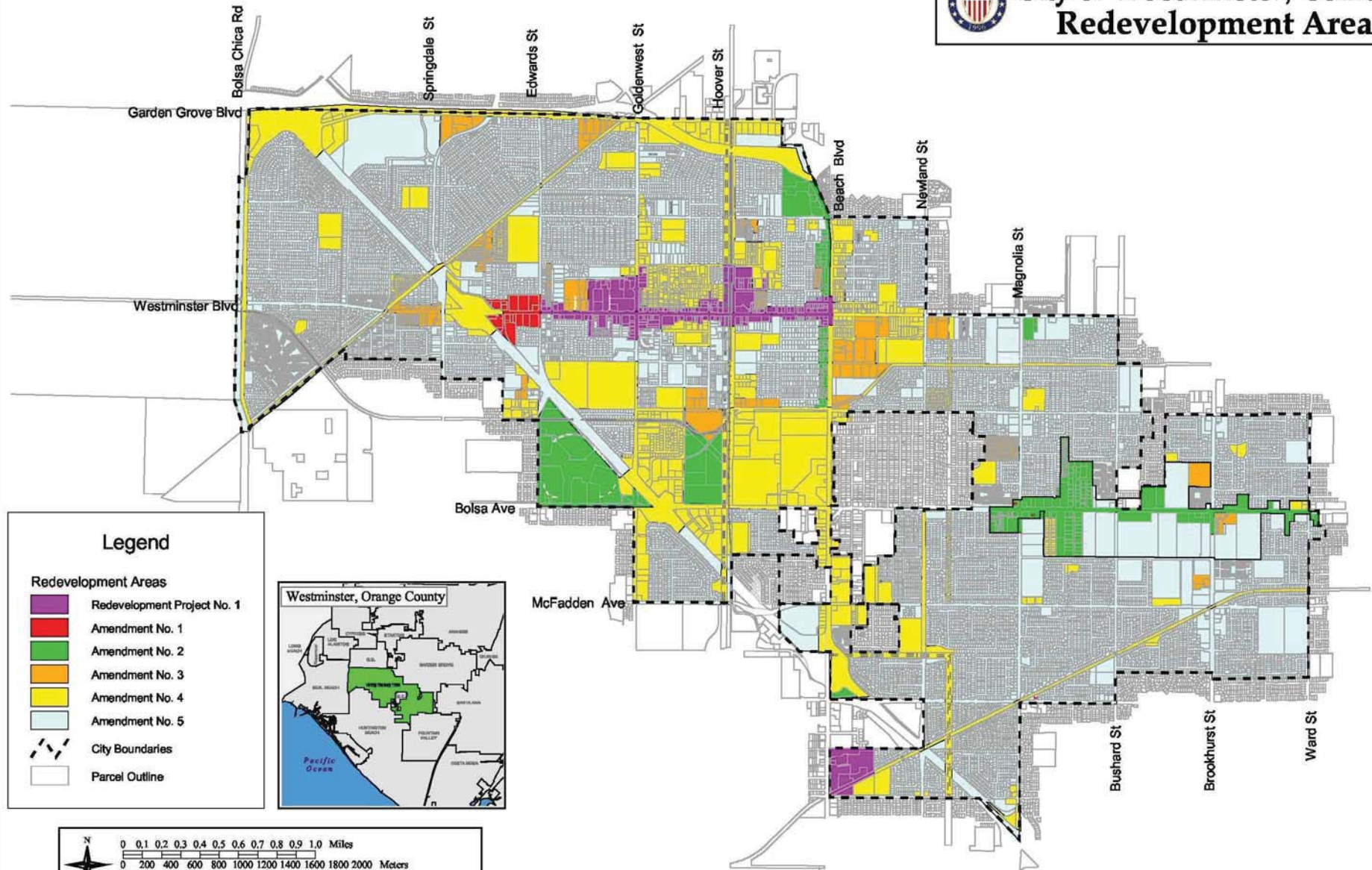
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This map illustrates the Southern California region, highlighting major urban centers, transportation networks, and natural landscapes. Key cities shown include Los Angeles, San Diego, Orange, and Anaheim. Major highways such as I-5, I-15, and I-805 are depicted. The map also features the Pacific Ocean, the Gulf of Santa Catalina, and the Channel Islands. A scale bar at the bottom indicates distances in miles.



City of Westminster, California Redevelopment Areas



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\$15,370,000
Successor Agency to the
Westminster Redevelopment Agency
Westminster Commercial Redevelopment Project No. 1
2018 Tax Allocation Refunding Bonds

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

General

This Official Statement, including the cover page, inside cover page, and appendices hereto, provides information in connection with the issuance by the Successor Agency to the Westminster Redevelopment Agency (the “Agency” or the “Successor Agency”) of its Westminster Commercial Redevelopment Project No. 1 2018 Tax Allocation Refunding Bonds in the aggregate principal amount of \$15,370,000 (the “Series 2018 Bonds” or the “Bonds”).

Purpose

The Bonds are being issued (i) to refinance certain outstanding obligations of the Agency issued for the benefit of the Westminster Commercial Redevelopment Project No. 1 (the “Project Area”) established by the Westminster Redevelopment Agency (the “Former Agency”), (ii) to satisfy the Reserve Requirement of the reserve account for the Bonds with a debt service reserve policy, and (iii) to pay costs of issuance of the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Authority for Issuance of the Bonds

The Bonds are being issued by the Successor Agency pursuant to the Community Redevelopment Law, consisting of Part 1 of Division 24 of the California Health and Safety Code (the “Redevelopment Law”), the provisions of Assembly Bill X1 26, consisting of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484 (“AB 1484”), and as further amended on September 22, 2015 by Senate Bill 107 (“SB 107”) (as so amended, the “Dissolution Act”) and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California (the “Refunding Law”).

The Successor Agency will issue its Bonds pursuant to an Indenture of Trust dated as of May 1, 2018 (the “Indenture”), by and between the Successor Agency and MUFG Union Bank, N.A. (the “Trustee”), the proceeds of which will be used to refund all or portion of certain bonds and indebtedness of the Successor Agency as more fully described herein.

The Bonds will be payable from, and secured by, property tax revenues (formerly tax increment revenues) related to the Project Area which will include moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund, as defined herein, excluding amounts payable as pass-through obligations, described herein, as provided in the California Health and Safety Code as more fully described herein. Collectively, such tax increment revenues subject to a pledge under the Indenture are referred to herein as “Tax Revenues.” The Bonds are also secured by certain other amounts on deposit in the Redevelopment Property Tax Trust Fund, as described herein under “SECURITY FOR THE BONDS – Funds and Accounts Established Under the Indenture.”

Under the Dissolution Act, the issuance of the Series 2018 Bonds was subject to review and approval, of the Successor Agency's Oversight Board, as described below, and the Department of Finance of the State of California (the "State Department of Finance," or "DOF"). All such approvals have been obtained. See "SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY."

The Oversight Board for the Successor Agency approved the issuance of the Series 2018 Bonds by the Successor Agency by resolution adopted on February 1, 2018 (the "Oversight Board Resolution"). The State Department of Finance released its letter approving the Oversight Board Resolution approving the issuance of the Bonds on April 3, 2018. See APPENDIX H – "STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS."

The City and the Successor Agency

The City. The City of Westminster was incorporated in 1957. The City has a City Council/City Manager form of government with the City Council appointing a professional administrator. The City Council consists of five members. Four members are elected by popular vote to serve four-year terms on the City Council. Council elections are held in even numbered years. Since 1986, the Mayor is directly elected by the voters for a four-year term. The estimated population of the City was 93,533 as of January 1, 2017. For Certain information with respect to the City, see APPENDIX B – "GENERAL INFORMATION ABOUT THE CITY OF WESTMINSTER DEMOGRAPHIC INFORMATION."

The Successor Agency. As described below, the Successor Agency has succeeded to certain rights of the Former Agency. The Former Agency was organized by the City Council in 1982, to exercise the powers granted by the Redevelopment Law.

Pursuant to the Dissolution Act, redevelopment agencies in California, including the Former Agency, were dissolved, and with certain exceptions, could no longer conduct redevelopment activities. The Successor Agency, however, is authorized to continue to refinance existing bonds in order to achieve a savings in debt service. See "The Project Area" below. See also "SUCCESSOR AGENCY TO THE WESTMINSTER REDEVELOPMENT AGENCY" for a discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

Pursuant to the Dissolution Act, the City has elected to serve as the Successor Agency. However, the Dissolution Act expressly clarifies that the City and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the City by the virtue of the City's election to serve as the Successor Agency.

The Project Area

The Project Area consists of the Original Area and five separate amendment areas. The Orange County Auditor-Controller reports that the Fiscal Year 2017-18 tax assessment roll for the Project Area is \$8,907,507,276, and shows incremental assessed valuation of \$5,741,088,291. See "THE WESTMINSTER COMMERCIAL REDEVELOPMENT PROJECT NO. 1 – Projected Taxable Valuation and Tax Revenues" and "—Projected Tax Revenues and Estimated Debt Service Coverage" and APPENDIX A – "FISCAL CONSULTANT REPORT" herein. See also APPENDIX C hereto for a copy of the audited financial statements for Fiscal Year ending June 30, 2017.

Terms of the Bonds

The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof (the "Authorized Denominations"). The Bonds will be dated their date of delivery and are payable with respect to interest semiannually each February 1 and August 1, commencing on August 1, 2018.

The Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will

act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Bonds. See APPENDIX E – “DTC AND THE BOOK-ENTRY SYSTEM” attached hereto.

The Bonds are subject to redemption prior to maturity, as described herein. See “THE BONDS – Redemption of the Bonds” herein.

Security for the Bonds

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies in the Project Area thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues and certain other amounts pledged under the Indenture, and the Agency is not obligated to pay the Bonds except from such Tax Revenues and such other amounts available under the Indenture. The Bonds are payable as set forth in the Indenture, are not a debt of the City, the County, the State of California or any other political subdivision of the State (except the Successor Agency, to the extent described herein), and none of the State, the County, the City, nor any of the State’s other political subdivisions (except the Successor Agency, to the extent described herein) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” attached hereto.

Additional Debt. As more fully described under “SECURITY FOR THE BONDS,” the Agency may not issue or incur additional obligations senior to or on a parity with the pledge of the Tax Revenues securing the Bonds.

Subordinate Bonds. On August 3, 2016, the Agency issued its \$77,425,000 Westminster Commercial Redevelopment Project No. 1 2016 Subordinate Tax Allocation Refunding Bonds, which are outstanding in the amount of \$77,100,000 (the “2016 Bonds”). On June 16, 2011, the Agency issued its Westminster Redevelopment Agency Westminster Commercial Redevelopment Project No. 1 2011 Tax Allocation Bonds, Series A, Subordinate Lien (Tax-Exempt), which are outstanding in the amount of \$22,750,000 (the “2011 Bonds” and together with the 2016 Bonds, the “Subordinate Bonds”). The Successor Agency may issue parity debt to the Subordinate Bonds in compliance with the Dissolution Act and the issuing documents for the Subordinate Bonds.

Reserve Account. In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account is established under the Indenture in an amount equal to \$1,537,000, the initial Reserve Requirement for the Bonds (the “Reserve Requirement”) secured by a Reserve Fund Surety Bond, described below. Amounts on deposit in the Reserve Account will only be available to pay debt service on the Bonds, and will not be available to pay debt service on the Subordinate Bonds. None of the reserve funds established for the Subordinate Bonds are available to pay debt service on the Bonds.

Under the Dissolution Act, the Bonds are also secured by a pledge of, and payable from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund held and administered by the Office of the Auditor Controller of the County of Orange (the “County Auditor-Controller”) with respect to the Successor Agency (the “Redevelopment Property Tax Trust Fund”). DISCUSSIONS HEREIN REGARDING

TAX REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE COUNTY AUDITOR-CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND EQUAL TO SUCH TAX REVENUES. The Dissolution Act authorizes the issuance of bonds by a successor agency to refund bonds previously issued by a former redevelopment agency, which bonds may be secured by a pledge of property tax increment with the same legal effect as if the Bonds had been issued prior to the Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date. See “SECURITY FOR THE BONDS – Pledge of Tax Revenues.”

Debt Service Reserve Fund Insurance Policy

The Successor Agency has received a Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Fund Surety Bond”) issued by Build America Mutual Assurance Company (“BAM”). See “MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

Professionals Involved in the Offering

The MUFG Union Bank, N.A., Los Angeles, California, will act as trustee with respect to the Bonds under the Indenture.

C.M. de Crinis & Co. Inc., Glendale, California, has acted as Municipal Advisor to the Agency in the structuring and presentation of the financing.

Rosenow Spevacek Group Inc., Santa Ana, California, has acted as Fiscal Consultant to the Agency and has prepared an analysis of taxable values and tax increment revenues in the Project Area. See APPENDIX A – “FISCAL CONSULTANT REPORT” herein.

All proceedings in connection with the issuance of the Bonds are subject to the approval of Best Best & Krieger LLP, Riverside, California, Bond Counsel, which is also acting as Disclosure Counsel. Stradling Yocca Carlson & Rauth, A Professional Corporation will be acting as counsel to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). Jones & Mayer, Fullerton, California will pass on certain matters for the Agency as its general counsel. The fees and expenses of the Municipal Advisor, Bond Counsel, Disclosure Counsel and Underwriter’s Counsel are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

With respect to continuing disclosure, the Agency will prepare and provide annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, any material delinquencies, principal taxpayers, and notices of enumerated events and all other remaining annual information required under the Continuing Disclosure Certificate. The Agency will act as Dissemination Agent and will file the annual reports and notices with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”). See the caption “CONTINUING DISCLOSURE” and APPENDIX G – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Reference to Underlying Documents

Brief descriptions of the Bonds, the Indenture, the City, the Successor Agency, the Westminster Commercial Redevelopment Project No. 1 and other related information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of and references to all documents, statutes, reports and other instruments referred to herein is qualified in its entirety by reference to such document, statute, report or instrument, copies of which are all available for inspection at the offices of the Agency. Certain capitalized terms used and not defined herein shall have the meaning given to those terms in APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” attached hereto.

PLAN OF FINANCE

The Bonds are being issued (i) to refinance the 2008 Bonds as more fully described below, (ii) to satisfy the Reserve Requirement with the purchase of the Reserve Fund Surety Bond, and (iii) to pay costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Former Agency previously issued its \$30,140,000 original principal amount of Westminster Commercial Redevelopment Project No. 1 2008 Tax Allocation Bonds (the “2008 Bonds”) currently outstanding in the aggregate principal amount of \$18,715,000. The 2008 Bonds were issued pursuant to an Indenture of Trust, dated as of June 1, 2008 (the “2008 Indenture”).

On the date of issuance of the Bonds, a portion of the proceeds will be deposited into the redemption fund established for the 2008 Bonds, pursuant to the Irrevocable Refunding Instructions, dated as of May 1, 2018 (the “Refunding Instructions”) given by the Successor Agency to MUFG Union Bank, N.A., as trustee (the “2008 Trustee”) of the 2008 Bonds. The par amount of \$17,170,000 will be redeemed on August 1, 2018 as a result of the issuance of the Bonds. The amount deposited in the redemption fund for the 2008 Bonds, together with other available moneys, are anticipated to be invested in certain federal securities and irrevocably pledged for the payment of principal and interest due on the 2008 Bonds on August 1, 2018 and to pay the redemption price on the date of redemption.

The sufficiency of the deposits in the redemption fund for the 2008 Bonds for those purposes will be verified by Causey Demgen & Moore (the “Verification Agent”), See “OTHER INFORMATION - Verification of Mathematical Computations.” Assuming the accuracy of the Verification Agent’s computations, as a result of the deposit and application of funds as provided in the redemption fund for the 2008 Bonds, the Successor Agency’s obligations under the 2008 Indenture related to the 2008 Bonds will be discharged.

The amounts held and invested by the 2008 Trustee for the 2008 Bonds in the redemption fund are pledged solely to the payment of amounts due and payable by the Agency under the 2008 Indenture. Neither the funds deposited in the escrow fund for the 2008 Bonds or the interest on the invested funds will be available for the payment of debt service on the Bonds.

See “ESTIMATED SOURCES AND USES OF FUNDS” below.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of proceeds of the Bonds.

Sources:

Par Amount of Bonds	\$15,370,000.00
Net Original Issue Premium	2,257,820.10
2008 Bonds Funds	<u>1,785,006.45</u>
TOTAL SOURCES:	\$19,412,826.55

Uses:

Costs of Issuance ⁽¹⁾	\$360,598.90
Deposit to Refunding Fund	<u>19,052,227.65</u>
TOTAL USES:	\$19,412,826.55

⁽¹⁾ Includes Underwriter’s Discount, legal fees, printing, rating agency fees and expenses, fees of the Municipal Advisor, fees of the Fiscal Consultant, Reserve Policy premium, and other issuance costs of the Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS

The following table provides the annual debt service requirements of the Bonds.

Year Ending (August 1)	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	-	\$ 169,762.50	\$ 169,762.50
2019	\$ 1,400,000	754,500.00	2,154,500.00
2020	1,465,000	698,500.00	2,163,500.00
2021	1,535,000	625,250.00	2,160,250.00
2022	1,615,000	548,500.00	2,163,500.00
2023	1,695,000	467,750.00	2,162,750.00
2024	1,775,000	383,000.00	2,158,000.00
2025	1,865,000	294,250.00	2,159,250.00
2026	1,960,000	201,000.00	2,161,000.00
2027	<u>2,060,000</u>	<u>103,000.00</u>	<u>2,163,000.00</u>
Total	\$15,370,000	\$4,245,512.50	\$19,615,512.50

THE BONDS

General

The Bonds will be dated as of the date of original delivery (the “Closing Date”), will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Bonds will be issued in fully registered form, without coupons, in the denomination of \$5,000 each or any integral multiple thereof. Interest on the Bonds is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2018 (each an “Interest Payment Date”). Principal of and premium, if any, on the Bonds is payable upon the surrender thereof at the corporate trust office of the Trustee in Los Angeles, California. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the registered owners as of the fifteenth day of the month preceding the Interest Payment Date (the “Record Date”). At the written request of an Owner of the Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, interest on the applicable Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request (any such written request shall remain in effect until rescinded in writing by the Owner). The principal of and premium (if any) on the Bonds shall be payable in lawful money of the United States of America by check or draft of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Notwithstanding the foregoing, while the Bonds are held in the book-entry only system of DTC, all such payments of principal, interest and premium, if any, will be made to Cede & Co. as the registered owner of the Bonds, for subsequent disbursement to Participants and beneficial owners. See APPENDIX E – “DTC AND THE BOOK-ENTRY SYSTEM.”

Redemption of the Bonds

The Bonds are not subject to redemption prior to maturity.

SECURITY FOR THE BONDS

Special Obligations

The Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from Tax Revenues, and funds on deposit in certain funds and accounts established under the Indenture, and the Successor Agency is not obligated to pay such principal and interest

BUSINESS AND JOB RETENTION AGREEMENT

by and between the

**Redevelopment Agency of the
City of Westminster,**
a public body, corporate and politic,

and

Best Buy Stores, L.P.,
a subsidiary of Best Buy Co., Inc.,
dba BEST BUY

BUSINESS AND JOB RETENTION AGREEMENT

THIS BUSINESS AND JOB RETENTION AGREEMENT (the "Agreement") is dated for reference purposes as of the 9th day of June, 2010 and is being entered into by and between the REDEVELOPMENT AGENCY OF THE CITY OF WESTMINSTER, a public body, corporate and politic ("Agency"), and Best Buy Stores, L.P., a subsidiary of Best Buy Co., Inc., dba BEST BUY ("Best Buy"). Agency and Best Buy are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties." The Parties enter into this Agreement with reference to the following recited facts (each a "**Recital**"):

RECITALS

- A. Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000, et seq.).
- B. The Site is located in Agency's Redevelopment Project Area, Amendment No. 2 (the "Project Area").
- C. Prior to the Effective Date of this Agreement, Best Buy's predecessor in interest entered into a lease (the "Existing Lease") with the predecessor in interest of Krausz FT One, L.P. c/o The Krausz Companies, Inc. ("Owner") to lease from Owner certain real property located at 500 Westminster Mall in the City of Westminster, California ("Site").
- D. Best Buy requires economic development assistance in order to continue to operate a consumer electronics retail store at the Site.
- E. Agency desires to ensure the lease and continued operation of a consumer electronics retail store at the Site in accordance with, and subject to the terms and conditions set forth in this Agreement.

Based on the foregoing recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration and the promises and covenants of the parties set forth in this Agreement, Agency and Best Buy agree as follows:

I. (§ 100) PURPOSE OF THIS AGREEMENT

A. (§101) Purpose of the Agreement.

This Agreement is intended to effectuate the California Community Redevelopment Law (Health and Safety Code §33000, et seq.) by providing for the rehabilitation of the Best Buy store at the Site to ensure its continued operation as a consumer electronics retail store thereon. Agency's acquisition of the rights set forth in this Agreement, Best Buy's performance of its obligations set forth in this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City of Westminster ("City") and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements.

II. (§200) DEFINITIONS

The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

A. The term "**Agency**" shall mean the Redevelopment Agency of the City of Westminster, a public body, corporate and politic, having its offices at 8200 Westminster Boulevard, Westminster, California 92683. The term "Agency" as used herein also includes any assignee of, or successor to, the rights, powers, and responsibilities of the Redevelopment Agency of the City of Westminster.

B. The term "**Agency Financial Assistance**" shall have the meaning ascribed in Section 301.

C. The term "**Quarterly Payment Amount**" shall have the meaning ascribed in Section 301.5(a).

D. The term "**City**" shall mean the City of Westminster, a municipal corporation, organized under the laws of the State of California and having its offices at 8200 Westminster Boulevard, Westminster, California 92683. The City is not a party to this Agreement and shall have no rights or obligations hereunder.

E. The term "**City Portion of Sales Tax Revenues from the Site**" shall have the meaning ascribed in Section 301.

F. The term "**Store**" shall mean a consumer electronics retail store to be located and operated on the Site by Best Buy in accordance with the terms and conditions of this Agreement.

G. The term "**Effective Date**" shall mean the date this Agreement is executed by Agency after approval by Agency's Board of Directors at a public meeting.

H. The term "**Best Buy**" shall mean Best Buy Stores, L.P., a subsidiary of Best Buy Co., Inc., dba Best Buy.

I. The term "**Lease**" shall mean that certain lease agreement, or amendment to the Existing Lease, dated as of _____, 2010, entered into by and between Owner and Best Buy, pursuant to which Best Buy is leasing the Site from Owner (or extending the term of the Existing Lease) for a term of at least five years from the Effective Date, in accordance with and subject to the terms and conditions set forth therein.

J. The term "**Payment Date**" shall have the meaning ascribed in Section 301.

K. The "**Payment Period**" shall mean a quarterly calendar period, commencing on the first day of the next full calendar quarter following the Effective Date (i.e., January 1st, April 1st, July 1st, or October 1st).

L. The term "**Project Area**" shall mean Westminster Commercial Redevelopment Project, Amendment No. 2. The exact boundaries of the Project Area are specifically described in the Redevelopment Plan and are made a part hereof as though fully set forth herein.

M. The term "**Sales Tax Law**" shall have the meaning ascribed in Section 301.

N. The term "**Sales Tax Revenue Reports**" shall have the meaning ascribed in Section 302.

O. The term "**Sales Tax Revenues from the Site**" shall have the meaning ascribed in Section 30.

III. (§300) AGENCY FINANCIAL ASSISTANCE

A. (§301) Agency Financial Assistance.

In consideration for Best Buy's undertakings pursuant to this Agreement and Agency's interest in the Site set forth in the Agreement, Agency shall periodically pay to Best Buy the amounts set forth herein (the "**Financial Assistance**"). Notwithstanding any other provision set forth in this Agreement to the contrary, Agency's obligation to make periodic Financial Assistance payments to Best Buy shall be conditioned and contingent upon Best Buy's satisfaction of all of the following requirements for each Payment Period: (a) Best Buy shall have paid and City shall have received the City Portion of Sales Tax Revenues from the Site for the Payment Period in question; and (b) and Best Buy shall have delivered or caused to be delivered to Agency the Sales Tax Revenue Reports required pursuant to Section 302, and any other reasonably required information which is customarily requested by Agency, to enable Agency to verify the amount of the Quarterly Payment Amount for each applicable Payment Period.

1. The Agency Financial Assistance constitutes an indebtedness of Agency within the meaning of the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.).

2. The Agency Financial Assistance shall be payable from any source of funds legally available to Agency. In this regard, it is understood and agreed that the City Portion of Sales Tax Revenues from the Site is being used merely as a measure of the amount of Agency Financial Assistance payments that are periodically owing by Agency to Best Buy, and that Agency does not and legally cannot pledge any portion of the actual City Portion of Sales Tax Revenues from the Site to Best Buy.

3. The Financial Assistance shall be paid to Best Buy for a total of four quarterly Payment Periods annually, or such lesser time as is provided in Section 304. Agency shall pay the Financial Assistance to Best Buy based upon the City Portion of Sales Tax Revenues from the Site in the following amounts and in the following manner: For each quarterly Payment Period, the Agency shall utilize the City Portion of Sales Tax Revenues of the previous quarter from the Site to calculate a payment amount that Agency will be required to pay to Best Buy (the "**Payment Amount**"). For each Payment Period for which Agency is required to make a Financial Assistance payment to Best Buy under this Agreement, the Payment Amount shall be calculated in accordance with the following formula: (i) if the City Portion of total Annual Sales Tax Revenue from the Site is between Zero (0) and Five Hundred Thousand Dollars (\$500,000), the Payment Amount for that Payment Period shall be twenty percent (20%) of that Period's sales tax revenue; and (ii) once the City Portion of total Annual Sales Tax Revenues from the Site exceeds Five Hundred Thousand Dollars (\$500,000), the Payment Amount for that Payment Period shall be twenty percent (20%) of the sales tax revenue on amounts up to Five Hundred Thousand Dollars (\$500,000) annually, plus fifty percent (50%) of the actual City Portion of Sales Tax Revenues from the Site exceeding Five Hundred Thousand Dollars (\$500,000) annually. For example, if the City Portion of Sales Tax Revenues from the Site for a Payment Period is \$500,000, the Payment Amount for that Payment Period shall be \$100,000, unless the Sales Tax Revenues from the Site for that Payment Period, combined with Sales Tax Revenues from the Site for all prior Payment Period in the calendar or fiscal year, causes the total revenue for that calendar or fiscal year to exceed \$500,000, in which case, the payment will be adjusted as set forth above.

The City Portion of Sales Tax Revenues from the Site attributable to a particular Payment Period shall be determined based on Best Buy's taxable sales occurring during that Payment Period, not on the date that the City Portion of Sales Tax Revenues from the Site are ultimately remitted to the City (or the later date that the City and/or Agency are able to verify the receipt and source of those revenues).

Each year there shall be a reconciliation of the City Portion of Sales Tax Revenues from the Site pursuant to the terms of Section 303 of this Agreement.

a. Notwithstanding anything stated herein to the contrary, the Payment Amount shall not be calculated or be due and payable by Agency to Best Buy until the entire Payment Period has ended and Best Buy has delivered to Agency the quarterly Sales Tax Revenue Report covering the entire Payment Period, as required by Section 302. Agency shall pay Best Buy the entire Payment Amount for each Payment Period no later than the date ("Payment Date") which is thirty (30) days after the date on which City and Agency receive information from the State Board of Equalization and/or City's auditor sufficient to enable Agency to determine the exact amount of the Payment Amount owing to Best Buy for that Payment Period, and City has received from the State Board of Equalization City's Portion of Sales Tax Revenues from the Site attributable to that Payment Period. If Agency has insufficient information by the applicable Payment Date to determine the exact Payment Amount owing to Best Buy for that Payment Period, Agency shall make the payment at that time based on the best information then available to Agency, subject to the adjustment process provided for in Section 303 when additional information becomes available.

b. Each payment to Best Buy shall be accompanied by a written statement from the Agency itemizing how the Payment Amount (or any adjustment to the initial payment, if applicable), was calculated.

c. As used herein, the term "**Sales Tax Revenues from the Site**" shall mean the total sales tax revenues paid by or on behalf of Best Buy pursuant to the Bradley-Burns Uniform Sales and Use Tax Law (Revenue and Taxation Code Section 7200, et seq.) (the "**Sales Tax Law**"), as the Sales Tax Law may be amended from time to time. The "**City Portion of Sales Tax Revenues from the Site**" shall mean the net percentage of Sales Tax Revenues from the Site ultimately remitted by the State Board of Equalization to City, which is currently one percent (1%) of the Sales Tax Revenues from the Site, the disposition of which is controlled by City under state law. For purposes of this Agreement, the City Portion of Sales Tax Revenues from the Site shall not be considered to have been received by City until the later to occur of (i) thirty (30) days after Best Buy has paid the same or (ii) Agency is able to confirm City's

receipt of such revenues from the State Board of Equalization using diligent efforts in view of Agency's obligations under Section 302 of this Agreement. In this regard, Agency covenants to promptly take any and all actions reasonably necessary to verify City's receipt of the City Portion of Sales Tax Revenues from the Site.

4. Notwithstanding the definition of the "City Portion of Sales Tax Revenues from the Site" set forth above, Agency's maximum obligation to Best Buy over a period of ten (10) years from the Date of this Agreement is \$1,600,000.

B. (§302) Sales Tax Revenue Reports.

On or before thirty (30) days after the end of each calendar quarter during the Payment Period, Best Buy shall submit or release to Agency a copy or copies of all statements and quarterly reports Best Buy is required to file and has filed with the State Board of Equalization to support Best Buy's calculation of Sales Tax Revenues from the Site for said Payment Period (herein, collectively, the "**Sales Tax Revenue Reports**"); provided, that to the extent any such report contains confidential business information or confidential customer information that is not needed by Agency to calculate or verify the City Portion of Sales Tax Revenues from the Site for the applicable Payment Period Best Buy shall have the right to redact such information from the copy of the report(s) delivered to Agency. On or before thirty (30) days after the end of the calendar or fiscal year, Best Buy shall submit or release to Agency a copy or copies of all statements and annual reports Best Buy is required to file and has filed with the State Board of Equalization to support Best Buy's calculation of Sales Tax Revenues from the Site for said calendar or fiscal year (herein, collectively, the "Annual Sales Tax Revenue Reports"); provided, that to the extent any such report contains confidential business information or confidential customer information that is not needed by Agency to calculate or verify the City Portion of Sales Tax Revenues from the Site for the applicable calendar or fiscal year. Best Buy shall have the right to redact such information from the copy of the report(s) delivered to Agency. Agency shall be responsible for promptly providing to Best Buy a release in reasonably acceptable form ("**Release Form**") authorizing the State Board of Equalization to release to the Agency the Sales Tax Revenue Reports for the Payment Periods covered by this Agreement.

Notwithstanding anything to the contrary, Best Buy shall have satisfied its reporting obligations under this Agreement if either (i) as to any particular Sales Tax Revenue Report, within thirty (30) days after request for the same from the Agency, Best Buy shall have provided a copy of the Sales Tax Revenue Report to Agency at its notice address in the same form that Best Buy or its designee filed with the State Board of Equalization, or (ii) as to all Sales Tax Revenue Reports for the Payment Periods covered by this Agreement, Best Buy shall have executed a Release Form within thirty (30) days after request for the same from the Agency. In the event that Agency requests a copy of any Sales Tax Revenue Report due to the failure of the State Board of Equalization's failure to honor the Release form or otherwise, Best Buy will provide such a copy within a reasonable period of time after such request is made by Agency.

C. (§303) Adjustments to Payment Amounts.

If after Agency makes a payment to Best Buy hereunder Agency determines that it has overpaid Best Buy and that an adjustment to a prior payment amount is warranted, Agency shall have the right to provide a written notice to Best Buy itemizing the information supporting the adjustment and either (1) requiring Best Buy to repay the amount of the overpayment within thirty (30) days from the date such notice is delivered or (2) deduct the amount of the overpayment from the next Payment Amount otherwise owing to Best Buy. The Parties shall cooperate with one another and share such information as may be reasonably required to ensure that any required adjustments (either an additional payment to Best Buy or a refund or credit to Agency) can be promptly made. Within thirty (30) days of Best Buy's submittal of its "Annual Sales Tax Revenue Reports," the Parties shall make any required adjustments in Agency's payments or Best Buy's refund to Agency as may be required as set forth above. Notwithstanding anything to the contrary herein, Agency hereby waives the right and shall not be entitled to make any claim for an overpayment following the lapse of two (2) calendar years after the same shall have been delivered to Best Buy..

D. (§304) Business and Job Retention Grant

In consideration for Best Buy's undertakings pursuant to this Agreement and

Agency's interest in the Site set forth in the Agreement; Agency shall pay Two Hundred Fifty Thousand Dollars (\$250,000) to Best Buy for Business and Job retention purposes, which funds Best Buy agrees to use to fund physical improvements to the building leased from Owner for operation of the Best Buy Store. This Grant is provided pursuant to the execution of the Lease with the Owner, and is based upon Best Buy's continual use of the Site as an active consumer electronics retail store for a minimum term of (5) five years (subject to closures to the public (i) in order to prepare for sales or to take stock of current inventory, provided that the same does not result in the Store being closed to the public for more than three (3) consecutive business days or for more than ten (10) business days in any consecutive twelve (12) month period; (ii) in connection with the performance of any construction, modification, alteration, repair or restoration work on the applicable Store, provided that the same is diligently pursued by the applicable entity and does not result in its business being closed to the public for more than ninety (90) days in any consecutive twelve (12) month period; or (iii) as a result of casualty loss, condemnation, or severe weather conditions). Notwithstanding anything to the contrary in this Agreement, Best Buy shall have the right to reduce the leased building area of the Store without being in default of the terms of this Agreement or causing any termination/reduction in the calculation of the Financial Assistance under this Agreement.

E. (§305) Termination of Agency Financial Assistance.

Agency's obligation to pay the Agency Financial Assistance to Best Buy shall terminate upon the earliest of the following dates: (i) the end of the tenth (10th) year of the Lease with the Owner; (ii) the end of the term of the Lease and Best Buy's discontinuation of the Store use at and from the Site (and Agency's payment in full of all amounts accrued and owing with respect to all of the full and partial Payment Periods prior to such event or occurrence, subject to liquidated damages as set forth in section 402 below); (iii) the date on which Best Buy defaults in complying with any material provision of this Agreement, subject to liquidated damages as set forth in section 402 below; or (iv) When Agency's total payments to Best Buy have reached the amount of \$1,600,000. Notwithstanding anything to the contrary including the following Section

400, any delay in Best Buy providing the sales tax information required by this Agreement shall merely delay Agency's obligation to make the corresponding Financial Assistance payment and shall neither be a material default nor entitle Agency to terminate this Agreement.

IV (§ 400) DEFAULTS REMEDIES, AND TERMINATION

A. (§401) Defaults - General.

Subject to the extensions of time set forth in Section 503, failure or delay by a Party to perform any term or provision of this Agreement constitutes a default under this Agreement; provided, however, such Party shall not be deemed to be in default if (i) it cures, corrects, or remedies such default within fifteen (15) days after receipt of a notice from the other Party specifying such failure or delay or (ii) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such Party commences to cure, correct, or remedy such failure or delay within such time period after receipt of a notice from the other Party specifying such failure or delay, and diligently prosecutes such cure, correction, or remedy to completion. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Copies of any notice of default given to Best Buy shall also be given to any leasehold mortgagee requesting such notice. Except as required to protect against further damages, the injured Party may not institute proceedings against the Party in default until the time for cure, correction, or remedy of a default has expired. Except as otherwise expressly provided in this Agreement, any failure or delay by a Party in giving a notice of default or in asserting any of its rights and remedies as to any default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

B. (§402) Liquidated Damages.

In the event Best Buy commits a material default of any of the provisions of this Agreement, including but not limited to failure to use the Business and Job Retention

Grant to fund building improvements for the property leased from Owner, failure to perform the terms of the Lease for the full term of five (5) years, or failure to maintain the Store as an active retail Best Buy Store for a period of at least (5) five years from the execution of this Agreement, then both of the following shall apply:

1. Agency shall have the right to terminate this Agreement and Agency shall have no obligation to make any further Agency Financial Assistance payments to Best Buy; and
2. Best Buy shall immediately return to Agency as liquidated damages the unamortized amount of the Business and Job Retention Grant based on the amortization of the same on a straight line basis over the five (5) year period following the Effective Date. Best Buy shall have no obligation to refund any Agency Financial Assistance provided by Agency to Best Buy under this Agreement for any period prior to the date of termination of this Agreement.

THE PARTIES AGREE THAT THE AMOUNTS SET FORTH ABOVE CONSITUTE A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT AGENCY WOULD SUFFER DUE TO A DEFAULT BY BEST BUY OF THE TERMS AND CONDITIONS OF THIS AGREEMENT, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE DAMAGE AMOUNTS TO THE RANGE OF HARM TO AGENCY AND ACCOMPLISHMENT OF AGENCY'S PURPOSE IN ENTERING INTO THIS AGREEMENT, THE DIFFICULTY AND IMPRACTICABILITY OF DETERMINING ACTUAL DAMAGES INVOLVING SUCH ISSUES AS THE LOSS OF PUBLIC TAX REVENUES, LOSS OF JOBS IN THE COMMUNITY, AND DELAY IN IMPLEMENTATION OF THE GOALS OF THE REDEVELOPMENT PLAN, AND THAT THE PROOF OF ACTUAL DAMAGES WOULD BE COSTLY AND INCONVENIENT. IN PLACING ITS INITIALS AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL

WHO HAS EXPLAINED THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

BEST BUY INITIALS: CH

AGENCY INITIALS: RK

B. (§403) Legal Actions.

3. Institution of Legal Actions.

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Such legal actions must be instituted and maintained in the Superior Court of the County of Orange, State of California, or in any other appropriate court in that county.

4. Applicable Law.

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

5. Acceptance of Service of Process.

In the event that any legal action is commenced by Best Buy against Agency, service of process on Agency shall be made by personal service upon the Executive Director or Secretary of Agency, or in such other manner as may be provided by law. In the event that any legal action is commenced by Agency against Best Buy, service of process on Best Buy shall be made in any manner as may be provided by law, and shall be valid whether made within or without the State of California.

C. (§404) Rights and Remedies are Cumulative.

Except as otherwise expressly stated in this Agreement, including without limitation the liquidated damages remedy set forth in Section 402 herein, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party. Notwithstanding any other provision set forth in this Agreement to the

contrary, in no event shall Agency have the right of specific performance or other mandatory injunctive relief to compel Best Buy to operate the Store, and Agency's sole remedy for Best Buy's failure to continuously operate the retail store from the Effective Date until the day prior to the fifth (5th) anniversary of the Effective Date shall be: (i) the termination of this Agreement; (ii) the prospective termination of the Agency Financial Assistance payments, as provided in Section 305 of this Agreement; (iii) the payment of liquidated damages, as provided in Section 402 of this Agreement; and (iv) the payment of litigation expenses, to the extent provided for in Section 405.

D. (§405) Litigation Expenses.

If either Party to this Agreement is required to initiate or defend litigation in any way connected with this Agreement, the prevailing Party in such litigation, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to recover its reasonable litigation expenses, including without limitation attorney's fees, expert witness fees, and other costs incurred with respect to such litigation. If either Party to this Agreement is required to initiate or defend litigation with a third party because of the violation of any term or provision of this Agreement by the other Party, then the Party so litigating shall be entitled to reasonable litigation expenses from the other Party to this Agreement. All such litigation expenses shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment. Notwithstanding any other provision set forth in this Agreement to the contrary, in no event shall Best Buy's failure to continuously operate the Store from the Commencement Date until the day prior to the fifth (5th) anniversary of the Effective Date be a violation of this Agreement that is a basis for litigation in itself, but rather a basis solely for the remedies set forth in clauses (i) through (iii) of the foregoing Section 404.

V. (§500) GENERAL PROVISIONS

A. (§501) Notices, Demands and Communications Between the Parties.

Formal notices, demands, and communications between Agency and Best Buy shall be given either by (i) personal service, (ii) delivery by reputable document delivery

service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to:

To Agency: Westminster Redevelopment Agency
8200 Westminster Blvd.
Westminster, California 92835
Attn: Executive Director

With a copy to: Jones & Mayer
3777 N. Harbor Blvd.
Fullerton, California 92835
Attn: Richard D. Jones, ESQ.

To BEST BUY: Best Buy Stores, L.P.
7601 Penn Ave S
Richfield, MN 55423
Attn: Legal – Real Estate

With a copy to: Robins, Kaplan, Miller & Ciresi
2800 LaSalle Plaza
800 LaSalle Avenue
Minneapolis, MN 55402-2015
Attention: Steven A. Schumeister, Esq.

Notices personally delivered or delivered by document delivery service shall be deemed effective upon receipt. Notices mailed shall be deemed effective at Noon on the second business day following deposit in the United States mail. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as either Party may from time to time designate by mail.

B. (§502) Non-liability of City and Agency Officials and Employees; Conflicts of Interest.

No member, official, employee, or contractor of City or Agency shall be personally liable to Best Buy in the event of any default or breach by Agency or for any amount which may become due to Best Buy or on any obligations under the terms of this Agreement. No member, official, employee, or agent of Agency shall have any direct or indirect interest in this Agreement nor participate in any decision relating to this

Agreement which is prohibited by law. No director, officer, member, employee, or contractor of Best Buy shall be personally liable to Agency or City in the event of any default or breach by Best Buy or for any amount which may become due or on any obligations under the terms of this Agreement

C. (§503) Enforced Delay; Extension of Times of Performance.

In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default where delays or defaults are due to causes beyond the control and without the fault of such Party, including as applicable: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions; litigation not involving a default or other tortious or wrongful acts or omissions by the Party claiming an extension of time to perform; inclement weather; inability to secure necessary labor, materials, or tools; acts of the other Party; and acts or the failure to act of City or any other public or governmental agency or entity (except that any act or failure to act of or by Agency shall not excuse performance by Agency). Notwithstanding the foregoing, in no event shall either party's inability to secure satisfactory financing, interest rates, or market or economic conditions entitle such party to an extension of time to perform.

An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of knowledge of the commencement of the cause. If no written notice is sent within thirty (30) days, the enforced delay shall commence to run from the date written notice is sent to the other Party. Times of performance under this Agreement may be extended by mutual written agreement of Agency and Best Buy. The Executive Director of Agency shall have the authority on behalf of Agency to approve extensions of time not to exceed a cumulative total of one hundred eighty (180) days.

D. (§505) Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement.

E. (§506) Entire Agreement; Waivers and Amendments.

This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the Parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of Agency and Best Buy.

F. (§507) Consent; Reasonableness.

Except when this Agreement specifically authorizes a Party to withhold its approval or consent in its sole discretion, when either Agency or Best Buy shall require the consent or approval of the other Party in fulfilling any agreement, covenant, provision, or condition contained in this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed by the Party from whom such consent or approval is sought.

G. (§508) Severability.

If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the Parties; and the Parties further agree

that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

H. (§510) Authority of Signatories to Bind Principals.

The persons executing this Agreement on behalf of their respective principals represent that they have been authorized to do so and that they thereby bind the principals to the terms and conditions of this Agreement.

I. (§511) Representations and Warranties.

Best Buy and Agency and each person executing this Agreement on behalf of the applicable party represent and warrant that: (i) the applicable party has all requisite right, power, legal capacity, and authority to enter into and perform its obligations under this Agreement; (ii) any persons executing this Agreement on behalf of the applicable party are authorized to do so; (iii) the execution of this Agreement by the applicable party does not violate any provision of any other agreement to which the applicable party is a party; and (iv) except as may be specifically set forth in this Agreement, no approvals or consents not heretofore obtained by the applicable party are necessary in connection with the execution of this Agreement by the applicable party or with the performance by the applicable party of its obligations hereunder.

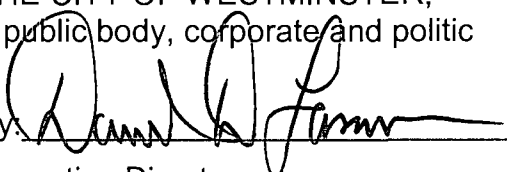
J. (§512) Execution.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

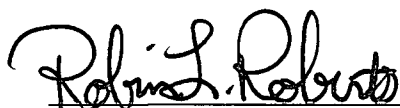
[Signatures to Follow on Next Page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date specified herein.


REDEVELOPMENT AGENCY OF
THE CITY OF WESTMINSTER,
a public body, corporate and politic

By: 
Executive Director

ATTEST


Secretary

APPROVED AS TO FORM:


Richard D. Jones, Agency Counsel

Best Buy Stores, L.P.

By: BBC Property Co.

Its: general partner

By: 

Its: Vice President



RECEIVED
JUN 28 2010
CITY MANAGER

June 24, 2010

VIA FED EX
Ph.: 714-898-3311

City of Westminster
Attn: Gayle Johnson
8200 Westminster Blvd
Westminster, CA 92683

RE: Westminster, CA #111
Business and Job Retention Agreement

Dear Gayle:

At the request of Chet Simmons, enclosed are three (3) executed originals of the Business and Job Retention Agreement between the Redevelopment Agency of the City of Westminster. ("Agency") and Best Buy Stores, L.P. ("Best Buy"). Please see that each of the documents is attested by the Agency Secretary and send at least one (1) fully executed original to me with no modifications at your earliest convenience. Also, enclosed is a copy of the First Amendment to Lease dated June 17, 2010 between Krausz FT One, L.P., as landlord, and Best Buy, as tenant, pursuant to which Best Buy exercised its option to extend the underlying lease for a 5 year period.

Thank you for your assistance.

Sincerely,

Cara D. Helper
Sr. Corporate Counsel - Real Estate
Ph.: 612-291-7453

Enclosure

cc: Melissa Moseley (w/o enc.)
Legal File (w/o enc.)
Property Management (w/o enc.)

v:\corp\lg\980120\cc\real estate\best buy\correspondence\cara\westminster\ca'2(rcsending redev agency agmt).doc



CITY OF WESTMINSTER
CONTRACT/AGREEMENT TRANSMITTAL
(Form must be completed and submitted with 3 original
agreements to City Clerk's office)

502-02
2010-032

TO: CITY CLERK'S OFFICE

FROM: DEPT.: CM CONTACT PERSON: Chet EXT.: 3169

DEPARTMENT HEAD APPROVAL: _____
(Of contract and funds) (Date)

THE FOLLOWING ITEMS MUST BE PROVIDED IN REQUESTING PROCESSING OF AGREEMENTS FOR THE CITY/AGENCY:

AGREEMENT NUMBER (if amendment): _____

AMENDMENT NUMBER (if applicable): ☐ 1ST ☐ 2ND ☐ 3RD ☐ _____

COUNCIL/AGENCY APPROVAL DATE (if applicable): 6/9/10

DESCRIPTION OF SERVICES: _____ TOTAL COST: _____

NAME OF CONTRACTOR/VENDOR: Best Buy Stores L.P.

TERM OF AGREEMENT: COMMENCEMENT DATE: _____

EXPIRATION DATE: _____

INSURANCE REQUIRED: ☐ YES ☐ NO
☐ CGL (Commercial General Liability)
☐ AUTO
☐ WORKERS COMPENSATION
☐ PROFESSIONAL LIABILITY

(IF REQUIRED, INSURANCE CERTIFICATES MUST BE ATTACHED TO CITY CLERK ORIGINAL)

FOR CLERK OFFICE USE ONLY:

- | | |
|----------------------------------|---|
| <input type="checkbox"/> PROCESS | <input type="checkbox"/> DO NOT PROCESS |
| | <input type="checkbox"/> MISSING SIGNATURES |
| | <input type="checkbox"/> NEEDS COUNCIL APPROVAL |
| | <input type="checkbox"/> MISSING INSURANCE |
| | <input type="checkbox"/> MISSING EXHIBITS/ATTACHMENTS |
| | <input type="checkbox"/> OTHER |

ADDITIONAL REMARKS: _____

(WHEN COMPLETED, RETURN TO CITY CLERK'S OFFICE FOR PROCESSING)

**REVIEWED/VERIFIED BY:**Management Analyst 

Finance Director _____

Prepared By: Chet Simmons

Presented By: Chet Simmons

STAFF REPORT

DATE: June 9, 2010**TO:** Honorable Mayor/Chair and City Council/Board Members**THRU:** Donald D. Lamm, City Manager/Executive Director **FROM:** Chet Simmons, Economic Development Specialist 

1. SUBJECT

Approval of the Business and Job Retention Agreement between the Westminster Redevelopment Agency and Best Buy Stores, L.P.

2. RECOMMENDED ACTION/MOTION

Staff recommends the Mayor/Chair and City Council/Agency Board:

1. Approve a Capital Improvement Project transfer of \$250,000 from the Façade Improvement Program to a newly created Business and Job Retention Program; and
2. Approve a budget transfer of \$1,350,000 from the Redevelopment Operating Fund Contingency to the newly created Business and Job Retention Program Co; and
3. Approve the Business and Job Retention Agreement between the Westminster Redevelopment Agency and Best Buy Store, L.P. and authorize the Executive Director to execute the Agreement on behalf of the Agency. The total Business and Job Retention Program funding is not to exceed \$1,600,000.

3. BACKGROUND AND DISCUSSION

AGENDA ITEM NO. 6, 1**MEETING DATE** 6/09/2010

The past 18 months have been extremely difficult for our local business community. Sales are currently down between 23% and 43%, depending on business sector, resulting in a number of business closures, loss of jobs and revenue. One such business that has been heavily burdened by this economic down turn is the Best Buy store located at 500 Westminster Mall, between Edwards Street and the I-405 freeway. Over the past five years, Best Buy has consistently been one of the City's top five sales tax producers, as well providing a number of jobs for local residents. The current financial climate has forced Best Buy to re-evaluate their products, stores size, and ultimately, their store locations.

Early this past month, Best Buy approached Agency staff concerning their inability to continue to operate the Best Buy store in Westminster. With the drop in productivity and revenue due to the economic climate, Best Buy began to seek alternative lease opportunities in other cities in order to cut back on their overhead leasing cost. A closure of the Westminster Best Buy would represent the loss of over \$500,000 in annual sales tax revenue, as well as a significant number of jobs. Staff has been working diligently to formulate possible assistance packages to keep Best Buy in Westminster.

The proposed Business and Job Retention Agreement contains the following key provisions:

1. A dedicated grant of \$250,000 to assist with the greening of the current Best Buy store. These improvements are aimed at making the facility more efficient to operate and to cut down on the energy usage. This funding is currently available through the use of the Redevelopment Agency's Commercial Façade Improvement program, and would not require an additional appropriation.
2. A Sales Tax Sharing Agreement in which the Agency would make quarterly payments to Best Buy for the next ten years based on the store's ability to generate large amounts of sales tax. The Agency would rebate 20% of the first \$500,000 of sales tax generated annually by the Best Buy. Once this threshold is achieved, the Agency would then rebate 50% of sales tax generated over \$500,000 annually. This measure would provide an incentive to Best Buy to generate additional sales at this specific Best Buy location, drawing in more business from the surrounding areas, as well as promoting additional retail opportunities in Westminster. This assistance is limited to \$1.6 million over the life of the 10 year agreement.

While Best Buy has been impacted by the downturn, they remain a significant contributor in terms of sales tax and job creation to the City of Westminster. Best Buy is one of the most recognized retailers in Country and has repeatedly been a top ten generator of sales tax revenue for the City of Westminster since its opening in 1995. This financial assistance package ensures that Best Buy will not only continue to operate in Westminster, but incentives higher sales numbers,

which results in the needed tax dollars for vital City services such as police and fire.

4. FISCAL IMPACT

To fund the facility improvements would require a budget transfer from the Capital Improvement Project (CIP Project No. 18002-091821) Façade Improvement Program to the newly created Business and Job Retention Program (CIP Project No.18002-101818) in the amount of \$250,000 and a budget transfer from the Fiscal Year 2010-11 Redevelopment Operating Fund Contingency to the Capital Improvement Project (CIP Project No. 18000-60904) to the Business and Job Retention Program (CIP Project No.18002-101818) in the amount of \$1,350,000.

As a result of the above mentioned budget transfer, the Fiscal Year 2010-11 Redevelopment Operating Fund Contingency balance of \$1,774,584 would be reduced by \$1,350,000 leaving a remaining balance of \$424,584 for the remainder of the fiscal year 2009-10.

5. ATTACHMENTS

Agreement

BUSINESS AND JOB RETENTION AGREEMENT

by and between the

**Redevelopment Agency of the
City of Westminster,**
a public body, corporate and politic,

and

Best Buy Stores, L.P.,
a subsidiary of Best Buy Co., Inc.,
dba BEST BUY

BUSINESS AND JOB RETENTION AGREEMENT

THIS BUSINESS AND JOB RETENTION AGREEMENT (the "Agreement") is dated for reference purposes as of the 9th day of June, 2010 and is being entered into by and between the REDEVELOPMENT AGENCY OF THE CITY OF WESTMINSTER, a public body, corporate and politic ("Agency"), and Best Buy Stores, L.P., a subsidiary of Best Buy Co., Inc., dba BEST BUY ("Best Buy"). Agency and Best Buy are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties." The Parties enter into this Agreement with reference to the following recited facts (each a "**Recital**"):

RECITALS

- A. Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000, et seq.).
- B. The Site is located in Agency's Redevelopment Project Area, Amendment No. 2 (the "Project Area").
- C. Prior to the Effective Date of this Agreement, Best Buy entered into a lease (the "Lease") with The Krausz Companies, Inc. ("Owner") to lease from Owner certain real property located at 500 Westminster Mall in the City of Westminster, California ("Site").
- D. Best Buy requires economic development assistance in order to continue to operate a consumer electronics retail store at the Site.
- E. Agency desires to ensure the lease and continued operation of a consumer electronics retail store at the Site in accordance with, and subject to the terms and conditions set forth in this Agreement.

Based on the foregoing recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration and the promises and covenants of the parties set forth in this Agreement, Agency and Best Buy agree as follows:

I. (§ 100) PURPOSE OF THIS AGREEMENT

A. (§101) Purpose of the Agreement.

This Agreement is intended to effectuate the California Community Redevelopment Law (Health and Safety Code §33000, et seq.) by providing for the rehabilitation of the Best Buy store at the Site to ensure its continued operation as a consumer electronics retail store thereon and Agency's acquisition of the rights set forth in this Agreement, Best Buy's performance of its obligations set forth in this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City of Westminster ("City") and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements.

II. (§200) DEFINITIONS

The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

A. The term "**Agency**" shall mean the Redevelopment Agency of the City of Westminster, a public body, corporate and politic, having its offices at 8200 Westminster Boulevard, Westminster, California 92683. The term "Agency" as used herein also includes any assignee of, or successor to, the rights, powers, and responsibilities of the Redevelopment Agency of the City of Westminster.

B. The term "**Agency Financial Assistance**" shall have the meaning ascribed in Section 301.

C. The term "**Quarterly Payment Amount**" shall have the meaning ascribed in Section 301.5(a).

D. The term "**City**" shall mean the City of Westminster, a municipal corporation, organized under the laws of the State of California and having its offices at 8200 Westminster Boulevard, Westminster, California 92683. The City is not a party to this Agreement and shall have no rights or obligations hereunder.

E. The term "**City Portion of Sales Tax Revenues from the Site**" shall have the meaning ascribed in Section 301.

F. The term "**Store**" shall mean a consumer electronics retail store located at 500 Westminster Mall in the City of Westminster to be owned and operated on the Site by Best Buy in accordance with the terms and conditions of this Agreement

G. The term "**Effective Date**" shall mean the date this Agreement is executed by Agency after approval by Agency's Board of Directors at a public meeting.

H. The term "**Best Buy**" shall mean Best Buy Stores, L.P., a subsidiary of Best Buy Co., Inc., dba Best Buy.

I. The term "**Lease**" shall mean that certain lease agreement dated as of _____, 2010, entered into by and between Owner and Best Buy, pursuant to which Best Buy is leasing the Site from Owner for a term of at least five years, in accordance with and subject to the terms and conditions set forth therein.

J. The term "**Payment Date**" shall have the meaning ascribed in Section 301.

K. The "**Payment Period**" shall mean a quarterly calendar period, commencing on the first day of the next full calendar quarter following the Commencement Date (i.e., January 1st, April 1st, July 1st, or October 1st).

L. The term "**Project Area**" shall mean Westminster Commercial Redevelopment Project, Amendment No. 2. The exact boundaries of the Project Area are specifically described in the Redevelopment Plan and are made a part hereof as though fully set forth herein.

M. The term "**Sales Tax Law**" shall have the meaning ascribed in Section 301.

N. The term "**Sales Tax Revenue Reports**" shall have the meaning ascribed in Section 302.

O. The term "**Sales Tax Revenues from the Site**" shall have the meaning ascribed in Section 30.

II. (§300) AGENCY FINANCIAL ASSISTANCE

A. (§301) Agency Financial Assistance.

In consideration for Best Buy's undertakings pursuant to this Agreement and Agency's interest in the Site set forth in the Agreement, Agency shall periodically pay to Best Buy the amounts set forth herein (the "**Financial Assistance**"). Notwithstanding any other provision set forth in this Agreement to the contrary, Agency's obligation to make periodic Financial Assistance payments to Best Buy shall be conditioned and contingent upon Best Buy's satisfaction of all of the following requirements, with the understanding that Best Buy shall have paid and City shall have received the City Portion of Sales Tax Revenues from the Site for the Payment Period in question and this condition shall be satisfied prior to Agency's obligation to make any Financial Assistance payments hereunder. During and with respect to each Payment Period as a condition to Agency's obligation to make Financial Assistance payments with respect to that particular Payment Period, Best Buy shall have delivered to Agency the Sales Tax Revenue Reports required pursuant to Section 302, and any other reasonably required information requested by Agency, to enable Agency to verify the amount of the Quarterly Payment Amount for each applicable Payment Period.

1. The Agency Financial Assistance constitutes an indebtedness of Agency within the meaning of the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.).

2. The Agency Financial Assistance shall be payable from any source of funds legally available to Agency. In this regard, it is understood and agreed that the City Portion of Sales Tax Revenues from the Site is being used merely as a measure of the amount of Agency Financial Assistance payments that are periodically owing by Agency to Best Buy, and that Agency does not and legally cannot pledge any portion of the actual City Portion of Sales Tax Revenues from the Site to Best Buy.

3. The Financial Assistance shall be paid to Best Buy for a total of four quarterly Payment Periods annually, or such lesser time as is provided in Section 304. Agency shall pay the Financial Assistance to Best Buy based upon the City Portion of Sales Tax Revenues from the Site in the following amounts and in the following manner: For each quarterly Payment Period, the Agency shall utilize the City Portion of Sales Tax Revenues of the previous quarter from the Site to calculate a payment amount that Agency will be required to pay to Best Buy (the "**Payment Amount**"). For each Payment Period for which Agency is required to make a Financial Assistance payment to Best Buy under this Agreement, the Payment Amount shall be calculated in accordance with the following formula: (i) if the City Portion of total Annual Sales Tax Revenue from the Site is between Zero (0) and Five Hundred Thousand Dollars (\$500,000), the Payment Amount for that Payment Period shall be twenty percent (20%) of that Period's sales tax revenue; and (ii) once the City Portion of total Annual Sales Tax Revenues from the Site exceeds Five Hundred Thousand Dollars (\$500,000), the Payment Amount for that Payment Period shall be twenty percent (20%) of the sales tax revenue on amounts up to Five Hundred Thousand Dollars (\$500,000) annually, plus fifty percent (50%) of the actual City Portion of Sales Tax Revenues from the Site exceeding Five Hundred Thousand Dollars (\$500,000) annually. For example, if the City Portion of Sales Tax Revenues from the Site for a Payment Period is \$500,000, the Payment Amount for that Payment Period shall be \$100,000, unless the Sales Tax Revenues from the Site for that Payment Period, combined with Sales Tax Revenues from the Site for all prior Payment Period in the calendar or fiscal year, causes the total revenue for that calendar or fiscal year to exceed \$500,000, in which case, the payment will be adjusted as set forth above.

The City Portion of Sales Tax Revenues from the Site attributable to a particular Payment Period shall be determined based on Best Buy's taxable sales occurring during that Payment Period, not on the date that the City Portion of Sales Tax Revenues from the Site are ultimately remitted to the City (or the later date that the City and/or Agency are able to verify the receipt and source of those revenues).

Each year there shall be a reconciliation of the City Portion of Sales Tax Revenues from the Site pursuant to the terms of Section 303 of this Agreement.

a. Notwithstanding anything stated herein to the contrary, the Payment Amount shall not be calculated or be due and payable by Agency to Best Buy until the entire Payment Period has ended and Best Buy has delivered to Agency the quarterly Sales Tax Revenue Report covering the entire Payment Period, as required by Section 302. Agency shall pay Best Buy the entire Payment Amount for each Payment Period no later than thirty (30) days after the date on which City and Agency receive information from the State Board of Equalization and/or City's auditor sufficient to enable Agency to determine the exact amount of the Payment Amount owing to Best Buy for that Payment Period, and City has received from the State Board of Equalization City's Portion of Sales Tax Revenues from the Site attributable to that Payment Period. If Agency has insufficient information by the applicable Payment Date to determine the exact Payment Amount owing to Best Buy for that Payment Period, Agency shall make the payment at that time based on the best information then available to Agency, subject to the adjustment process provided for in Section 303 when additional information becomes available.

b. Each payment to Best Buy shall be accompanied by a written statement itemizing how the Payment Amount (or any adjustment to the initial payment, if applicable), was calculated.

c. As used herein, the term "**Sales Tax Revenues from the Site**" shall mean the total sales tax revenues paid by or on behalf of Best Buy pursuant to the Bradley-Burns Uniform Sales and Use Tax Law (Revenue and Taxation Code Section 7200, et seq.) (the "**Sales Tax Law**"), as the Sales Tax Law may be amended from time to time. The "**City Portion of Sales Tax Revenues from the Site**" shall mean the net percentage of Sales Tax Revenues from the Site ultimately remitted by the State Board of Equalization to City, the disposition of which is controlled by City under state law. For purposes of this Agreement, the City Portion of Sales Tax Revenues from the Site shall not be considered to have been received by City until Agency is able to confirm City's receipt of such revenues from the State Board of Equalization. In this

regard, Agency covenants to promptly take any and all actions reasonably necessary to verify City's receipt of the City Portion of Sales Tax Revenues from the Site.

4. Notwithstanding the definition of the "City Portion of Sales Tax Revenues from the Site" set forth above, Agency's maximum obligation to Best Buy over a period of ten (10) years from the Date of this Agreement is \$1,600,000.

B. (§302) Sales Tax Revenue Reports.

On or before thirty (30) days after the end of each calendar quarter during the Payment Period, Best Buy shall submit to Agency a copy or copies of all statements and quarterly reports Best Buy is required to file and has filed with the State Board of Equalization to support Best Buy's calculation of Sales Tax Revenues from the Site for said Payment Period (herein, collectively, the "**Sales Tax Revenue Reports**"); provided, that to the extent any such report contains confidential business information or confidential customer information that is not needed by Agency to calculate or verify the City Portion of Sales Tax Revenues from the Site for the applicable Payment Period Best Buy shall have the right to redact such information from the copy of the report(s) delivered to Agency. On or before thirty (30) days after the end of the calendar or fiscal year, Best Buy shall submit to Agency a copy or copies of all statements and annual reports Best Buy is required to file and has filed with the State Board of Equalization to support Best Buy's calculation of Sales Tax Revenues from the Site for said calendar or fiscal year (herein, collectively, the "Annual Sales Tax Revenue Reports"); provided, that to the extent any such report contains confidential business information or confidential customer information that is not needed by Agency to calculate or verify the City Portion of Sales Tax Revenues from the Site for the applicable calendar or fiscal year. Best Buy shall have the right to redact such information from the copy of the report(s) delivered to Agency.

C. (§303) Adjustments to Payment Amounts.

If after Agency makes a payment to Best Buy hereunder Agency determines that it has overpaid Best Buy and that an adjustment to a prior payment amount is warranted, Agency shall have the right to provide a written notice to Best Buy itemizing

the information supporting the adjustment and either (1) requiring Best Buy to repay the amount of the overpayment within thirty (30) days from the date such notice is delivered or (2) deduct the amount of the overpayment from the next Payment Amount otherwise owing to Best Buy. The Parties shall cooperate with one another and share such information as may be reasonably required to ensure that any required adjustments (either an additional payment to Best Buy or a refund or credit to Agency) can be promptly made. Within thirty (30) days of Best Buy's submittal of its "Annual Sales Tax Revenue Reports," the Parties shall may any required adjustments in Agency's payments or Best Buy's refund to Agency as may be required as set forth above.

D. (§304) Business and Job Retention Grant

In consideration for Best Buy's undertakings pursuant to this Agreement and Agency's interest in the Site set forth in the Agreement; Agency shall pay Two Hundred Fifty Thousand Dollars (\$250,000) to Best Buy for Business and Job retention purposes, which funds Best Buy agrees to use to fund physical improvements to the building leased from Owner for operation of the Best Buy store. This Grant is provided pursuant to the execution of the Lease with the Owner, and is contingent upon Best Buy's continual use of the site as an active consumer electronics retail store for a minimum term of (5) five years.

E. (§305) Termination of Agency Financial Assistance.

Agency's obligation to pay the Agency Financial Assistance to Best Buy shall terminate upon the earliest of the following dates: (i) the end of the tenth (10th) year of the lease with the owner; (ii) the end of the term of the Lease and Best Buy's discontinuation of the store use at and from the Site (and Agency's payment in full of all amounts accrued and owing with respect to all of the full and partial Payment Periods prior to such event or occurrence, subject to liquidated damages as set forth in section 402 below); (iii) the date on which Best Buy defaults in complying with any material provision of this Agreement, subject to liquidated damages as set forth in section 402 below; or (iv) When Agency's total payments to Best Buy have reached the amount of \$1,600,000.

III. V. (§ 400) DEFAULTS REMEDIES, AND TERMINATION

A. (§401) Defaults - General.

Subject to the extensions of time set forth in Section 503, failure or delay by a Party to perform any term or provision of this Agreement constitutes a default under this Agreement; provided, however, such Party shall not be deemed to be in default if (i) it cures, corrects, or remedies such default within thirty (30) days after receipt of a notice from the other Party specifying such failure or delay or (ii) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such Party commences to cure, correct, or remedy such failure or delay within such time period after receipt of a notice from the other Party specifying such failure or delay, and diligently prosecutes such cure, correction, or remedy to completion. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Copies of any notice of default given to Best Buy shall also be given to any leasehold mortgagee requesting such notice. Except as required to protect against further damages, the injured Party may not institute proceedings against the Party in default until the time for cure, correction, or remedy of a default has expired. Except as otherwise expressly provided in this Agreement, any failure or delay by a Party in giving a notice of default or in asserting any of its rights and remedies as to any default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

B. (§402) Liquidated Damages.

In the event Best Buy commits a material default of any of the provisions of this Agreement, including but not limited to failure to use the Business and Job Retention Grant to fund building improvements for the property leased from Owner, failure to perform the terms of the Lease for the full term of five (5) years, or failure to maintain

the Store as an active retail Best Buy Store for a period of at least (5) five years from the execution of this Agreement, then both of the following shall apply:

1. Agency shall have the right to terminate this Agreement and Agency shall have no obligation to make any further Agency Financial Assistance payments to Best Buy; and
2. Best Buy shall immediately return to Agency as liquidated damages the full amount of the Business and Job Retention Grant and all Agency Financial Assistance provided by Agency to Best Buy under this Agreement through the date of termination of this Agreement.

THE PARTIES AGREE THAT THE AMOUNTS SET FORTH ABOVE CONSITUTE A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT AGENCY WOULD SUFFER DUE TO A DEFAULT BY BEST BUY OF THE TERMS AND CONDITIONS OF THIS AGREEMENT, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE DAMAGE AMOUNTS TO THE RANGE OF HARM TO AGENCY AND ACCOMPLISHMENT OF AGENCY'S PURPOSE IN ENTERING INTO THIS AGREEMENT, THE DIFFICULTY AND IMPRACTICABILITY OF DETERMINING ACTUAL DAMAGES INVOLVING SUCH ISSUES AS THE LOSS OF PUBLIC TAX REVENUES, LOSS OF JOBS IN THE COMMUNITY, AND DELAY IN IMPLEMENTATION OF THE GOALS OF THE REDEVELOPMENT PLAN, AND THAT THE PROOF OF ACTUAL DAMAGES WOULD BE COSTLY AND INCONVENIENT. IN PLACING ITS INITIALS AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO HAS EXPLAINED THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

BEST BUY INITIALS: _____

AGENCY INITIALS: _____

B. (§403) Legal Actions.

3. Institution of Legal Actions.

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Such legal actions must be instituted and maintained in the Superior Court of the County of Orange, State of California, or in any other appropriate court in that county.

4. Applicable Law.

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

5. Acceptance of Service of Process.

In the event that any legal action is commenced by Best Buy against Agency, service of process on Agency shall be made by personal service upon the Executive Director or Secretary of Agency, or in such other manner as may be provided by law. In the event that any legal action is commenced by Agency against Best Buy, service of process on Best Buy shall be made in any manner as may be provided by law, and shall be valid whether made within or without the State of California.

C. (§404) Rights and Remedies are Cumulative.

Except as otherwise expressly stated in this Agreement, including without limitation the liquidated damages remedy set forth in Section 402 herein, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party. Notwithstanding any other provision set forth in this Agreement to the contrary, in no event shall Agency have the right of specific performance or other mandatory injunctive relief to compel Best Buy to operate the Store, and Agency's sole remedy for Best Buy's failure to continuously operate the retail store from the Commencement Date until the Termination Date shall be: (i) the termination of this Agreement; (ii) the prospective termination of the Agency Financial Assistance payments, as provided in Section 305 of this Agreement; (iii) the payment of liquidated damages, as provided in Section 402 of this Agreement; and (iv) the payment of litigation expenses, as provided in Section 405.

D. (§405) Litigation Expenses.

If either Party to this Agreement is required to initiate or defend litigation in any way connected with this Agreement, the prevailing Party in such litigation, in addition to

any other relief which may be granted, whether legal or equitable, shall be entitled to recover its reasonable litigation expenses, including without limitation attorney's fees, expert witness fees, and other costs incurred with respect to such litigation. If either Party to this Agreement is required to initiate or defend litigation with a third party because of the violation of any term or provision of this Agreement by the other Party, then the Party so litigating shall be entitled to reasonable litigation expenses from the other Party to this Agreement. All such litigation expenses shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

VI. (§500) GENERAL PROVISIONS

A. (§501) Notices, Demands and Communications Between the Parties.

Formal notices, demands, and communications between Agency and Best Buy shall be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to:

To Agency: Westminster Redevelopment Agency
8200 Westminster Blvd.
Westminster, California 92835
Attn: Executive Director

With a copy to: Jones & Mayer
3777 N. Harbor Blvd.
Fullerton, California 92835
Attn: Richard D. Jones, ESQ.

To BEST BUY:

With a copy to:

Notices personally delivered or delivered by document delivery service shall be deemed effective upon receipt. Notices mailed shall be deemed effective at Noon on the second business day following deposit in the United States mail. Such written notices,

demands, and communications shall be sent in the same manner to such other addresses as either Party may from time to time designate by mail.

B. (§502) Nonliability of City and Agency Officials and Employees; Conflicts of Interest.

No member, official, employee, or contractor of City or Agency shall be personally liable to Best Buy in the event of any default or breach by Agency or for any amount which may become due to Best Buy or on any obligations under the terms of this Agreement. No member, official, employee, or agent of Agency shall have any direct or indirect interest in this Agreement nor participate in any decision relating to this Agreement which is prohibited by law.

C. (§503) Enforced Delay; Extension of Times of Performance.

In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default where delays or defaults are due to causes beyond the control and without the fault of such Party, including as applicable: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation not involving a default or other tortious or wrongful acts or omissions by the Party claiming an extension of time to perform; inclement weather; inability to secure necessary labor, materials, or tools; acts of the other Party; and acts or the failure to act of City or any other public or governmental agency or entity (except that any act or failure to act of or by Agency shall not excuse performance by Agency). Notwithstanding the foregoing, in no event shall Best Buy's inability to secure satisfactory financing, interest rates, or market or economic conditions entitle Best Buy to an extension of time to perform.

An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of knowledge of the commencement of the cause. If no written notice is sent within

thirty (30) days, the enforced delay shall commence to run from the date written notice is sent to the other Party. Times of performance under this Agreement may be extended by mutual written agreement of Agency and Best Buy. The Executive Director of Agency shall have the authority on behalf of Agency to approve extensions of time not to exceed a cumulative total of one hundred eighty (180) days.

D. (§505) Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement.

E. (§506) Entire Agreement; Waivers and Amendments.

This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the Parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of Agency and Best Buy.

F. (§507) Consent; Reasonableness.

Except when this Agreement specifically authorizes a Party to withhold its approval or consent in its sole discretion, when either Agency or Best Buy shall require the consent or approval of the other Party in fulfilling any agreement, covenant, provision, or condition contained in this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed by the Party from whom such consent or approval is sought.

G. (§508) Severability.

If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the Parties; and the Parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

H. (§510) Authority of Signatories to Bind Principals.

The persons executing this Agreement on behalf of their respective principals represent that they have been authorized to do so and that they thereby bind the principals to the terms and conditions of this Agreement.

I. (§511) Representations and Warranties.

Best Buy and each person executing this Agreement on behalf of Best Buy represent and warrant that: (i) Best Buy has all requisite right, power, legal capacity, and authority to enter into and perform its obligations under this Agreement; (ii) any persons executing this Agreement on behalf of Best Buy are authorized to do so; (iii) the execution of this Agreement by Best Buy does not violate any provision of any other agreement to which Best Buy is a party; and (iv) except as may be specifically set forth in this Agreement, no approvals or consents not heretofore obtained by Best Buy are necessary in connection with the execution of this Agreement by Best Buy or with the performance by Best Buy of its obligations hereunder.

J. (§512) Execution.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

[Signatures to Follow on Next Page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date specified herein.

REDEVELOPMENT AGENCY OF
THE CITY OF WESTMINSTER,
a public body, corporate and politic

By: _____

Executive Director

ATTEST

Secretary

APPROVED AS TO FORM:



Richard D. Jones, Agency Counsel

By: _____

Its: _____

By: _____

Its: _____

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CITY OF WESTMINSTER
CITY CLERK'S OFFICE
M E M O R A N D U M

DATE: June 9, 2010

TO: Honorable Mayor and Council Members

FROM: Robin Roberts, City Clerk

SUBJECT: Late Communications for the June 9, 2010 City Council/Redevelopment Agency Meeting

Attached is a Late Communication Item to the Mayor and City Council received after the distribution of the Agenda Packets.

Item No. 6.1 (Council/Agency) Approval of the Business and Job Retention Agreement between the Westminster Redevelopment Agency and Best Buy Stores, L.P.

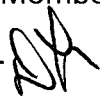
(Chet Simmons)

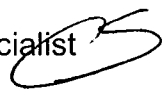
- Memorandum from Chet Simmons, Economic Development Specialist, received today, indicating changes to the proposed agreement that was in the original agenda packet.

City Manager's Office

M E M O R A N D U M

To: Honorable Chair and Agency Board Members

Thru: Donald D. Lamm, Executive Director 

From: Chet Simmons, Economic Development Specialist 

Date: June 9, 2010

Subject: Approval of the Business and Job Retention Agreement between the Westminster Redevelopment Agency and Best Buy Stores

As the Chair and Agency Board members are aware, staff has been engaged in negotiations with Best Buy Stores, L.P. in order to ensure that the store currently located at 500 Westminster Mall will not relocate to a new site outside of the City of Westminster.

Due to the nature and timeline of these negotiations, including the various locations of the parties involved, a number of revisions have been made to the Agreement originally submitted as part of the staff report for this item. These revisions govern the administration of the Agreement and are not considered to be "substantive changes" or altering to the original negotiated deal points in any way.

Please see the attached redlined version of the Agreement which will highlight these administrative changes.

BUSINESS AND JOB RETENTION AGREEMENT

by and between the

**Redevelopment Agency of the
City of Westminster,**
a public body, corporate and politic,

and

Best Buy Stores, L.P.,
a subsidiary of Best Buy Co., Inc.,
dba BEST BUY

BUSINESS AND JOB RETENTION AGREEMENT

THIS BUSINESS AND JOB RETENTION AGREEMENT (the "Agreement") is dated for reference purposes as of the 9th day of June, 2010 and is being entered into by and between the REDEVELOPMENT AGENCY OF THE CITY OF WESTMINSTER, a public body, corporate and politic ("Agency"), and Best Buy Stores, L.P., a subsidiary of Best Buy Co., Inc., dba BEST BUY ("Best Buy"). Agency and Best Buy are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties." The Parties enter into this Agreement with reference to the following recited facts (each a "**Recital**"):

RECITALS

- A. Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000, et seq.).
- B. The Site is located in Agency's Redevelopment Project Area, Amendment No. 2 (the "Project Area").
- C. Prior to the Effective Date of this Agreement, Best Buy's predecessor in interest entered into a lease (the "Existing Lease") with the predecessor in interest of Krausz FT One, L.P. c/o The Krausz Companies, Inc. ("Owner") to lease from Owner certain real property located at 500 Westminster Mall in the City of Westminster, California ("Site").
- D. Best Buy requires economic development assistance in order to continue to operate a consumer electronics retail store at the Site.
- E. Agency desires to ensure the lease and continued operation of a consumer electronics retail store at the Site in accordance with, and subject to the terms and conditions set forth in this Agreement.

Based on the foregoing recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration and the promises and covenants of the parties set forth in this Agreement, Agency and Best Buy agree as follows:

I. (§ 100) PURPOSE OF THIS AGREEMENT

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A. (§101) Purpose of the Agreement.

This Agreement is intended to effectuate the California Community Redevelopment Law (Health and Safety Code §33000, et seq.) by providing for the rehabilitation of the Best Buy store at the Site to ensure its continued operation as a consumer electronics retail store thereon. Agency's acquisition of the rights set forth in this Agreement, Best Buy's performance of its obligations set forth in this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City of Westminster ("City") and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements.

II. (§200) DEFINITIONS

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The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

A. The term "**Agency**" shall mean the Redevelopment Agency of the City of Westminster, a public body, corporate and politic, having its offices at 8200 Westminster Boulevard, Westminster, California 92683. The term "Agency" as used herein also includes any assignee of, or successor to, the rights, powers, and responsibilities of the Redevelopment Agency of the City of Westminster.

B. The term "**Agency Financial Assistance**" shall have the meaning ascribed in Section 301.

C. The term "**Quarterly Payment Amount**" shall have the meaning ascribed in Section 301.5(a).

D. The term "**City**" shall mean the City of Westminster, a municipal corporation, organized under the laws of the State of California and having its offices at 8200 Westminster Boulevard, Westminster, California 92683. The City is not a party to this Agreement and shall have no rights or obligations hereunder.

E. The term "**City Portion of Sales Tax Revenues from the Site**" shall have the meaning ascribed in Section 301.

F. The term "**Store**" shall mean a consumer electronics retail store to be located and operated on the Site by Best Buy in accordance with the terms and conditions of this Agreement.

G. The term "**Effective Date**" shall mean the date this Agreement is executed by Agency after approval by Agency's Board of Directors at a public meeting.

H. The term "**Best Buy**" shall mean Best Buy Stores, L.P., a subsidiary of Best Buy Co., Inc., dba Best Buy.

I. The term "**Lease**" shall mean that certain lease agreement, or amendment to the Existing Lease, dated as of _____, 2010, entered into by and between Owner and Best Buy, pursuant to which Best Buy is leasing the Site from Owner (or extending the term of the Existing Lease) for a term of at least five years from the Effective Date, in accordance with and subject to the terms and conditions set forth therein.

J. The term "**Payment Date**" shall have the meaning ascribed in Section 301.

K. The "**Payment Period**" shall mean a quarterly calendar period, commencing on the first day of the next full calendar quarter following the Effective Date (i.e., January 1st, April 1st, July 1st, or October 1st).

L. The term "**Project Area**" shall mean Westminster Commercial Redevelopment Project, Amendment No. 2. The exact boundaries of the Project Area are specifically described in the Redevelopment Plan and are made a part hereof as though fully set forth herein.

M. The term "**Sales Tax Law**" shall have the meaning ascribed in Section 301.

N. The term "**Sales Tax Revenue Reports**" shall have the meaning ascribed in Section 302.

O. The term "**Sales Tax Revenues from the Site**" shall have the meaning ascribed in Section 30.

III. (§300) AGENCY FINANCIAL ASSISTANCE

A. (§301) Agency Financial Assistance.

In consideration for Best Buy's undertakings pursuant to this Agreement and Agency's interest in the Site set forth in the Agreement, Agency shall periodically pay to Best Buy the amounts set forth herein (the "**Financial Assistance**"). Notwithstanding any other provision set forth in this Agreement to the contrary, Agency's obligation to make periodic Financial Assistance payments to Best Buy shall be conditioned and contingent upon Best Buy's satisfaction of all of the following requirements for each Payment Period: (a) Best Buy shall have paid and City shall have received the City Portion of Sales Tax Revenues from the Site for the Payment Period in question; and (b) Best Buy shall have delivered or caused to be delivered to Agency the Sales Tax Revenue Reports required pursuant to Section 302, and any other reasonably required information which is customarily requested by Agency, to enable Agency to verify the amount of the Quarterly Payment Amount for each applicable Payment Period. ~~Notwithstanding anything to the contrary, City shall be deemed to have received the City Portion of Sales Tax Revenues from the Site by the date which is thirty (30) days after Best Buy shall have paid the same.~~

1. The Agency Financial Assistance constitutes an indebtedness of Agency within the meaning of the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.).

2. The Agency Financial Assistance shall be payable from any source of funds legally available to Agency. In this regard, it is understood and agreed that the City Portion of Sales Tax Revenues from the Site is being used merely as a measure of the amount of Agency Financial Assistance payments that are periodically owing by

Agency to Best Buy, and that Agency does not and legally cannot pledge any portion of the actual City Portion of Sales Tax Revenues from the Site to Best Buy.

3. The Financial Assistance shall be paid to Best Buy for a total of four quarterly Payment Periods annually, or such lesser time as is provided in Section 304. Agency shall pay the Financial Assistance to Best Buy based upon the City Portion of Sales Tax Revenues from the Site in the following amounts and in the following manner: For each quarterly Payment Period, the Agency shall utilize the City Portion of Sales Tax Revenues of the previous quarter from the Site to calculate a payment amount that Agency will be required to pay to Best Buy (the "**Payment Amount**"). For each Payment Period for which Agency is required to make a Financial Assistance payment to Best Buy under this Agreement, the Payment Amount shall be calculated in accordance with the following formula: (i) if the City Portion of total Annual Sales Tax Revenue from the Site is between Zero (0) and Five Hundred Thousand Dollars (\$500,000), the Payment Amount for that Payment Period shall be twenty percent (20%) of that Period's sales tax revenue; and (ii) once the City Portion of total Annual Sales Tax Revenues from the Site exceeds Five Hundred Thousand Dollars (\$500,000), the Payment Amount for that Payment Period shall be twenty percent (20%) of the sales tax revenue on amounts up to Five Hundred Thousand Dollars (\$500,000) annually, plus fifty percent (50%) of the actual City Portion of Sales Tax Revenues from the Site exceeding Five Hundred Thousand Dollars (\$500,000) annually. For example, if the City Portion of Sales Tax Revenues from the Site for a Payment Period is \$500,000, the Payment Amount for that Payment Period shall be \$100,000, unless the Sales Tax Revenues from the Site for that Payment Period, combined with Sales Tax Revenues from the Site for all prior Payment Period in the calendar or fiscal year, causes the total revenue for that calendar or fiscal year to exceed \$500,000, in which case, the payment will be adjusted as set forth above.

The City Portion of Sales Tax Revenues from the Site attributable to a particular Payment Period shall be determined based on Best Buy's taxable sales occurring during that Payment Period, not on the date that the City Portion of Sales Tax

Revenues from the Site are ultimately remitted to the City (or the later date that the City and/or Agency are able to verify the receipt and source of those revenues).

Each year there shall be a reconciliation of the City Portion of Sales Tax Revenues from the Site pursuant to the terms of Section 303 of this Agreement.

a. Notwithstanding anything stated herein to the contrary, the Payment Amount shall not be calculated or be due and payable by Agency to Best Buy until the entire Payment Period has ended and Best Buy has delivered to Agency the quarterly Sales Tax Revenue Report covering the entire Payment Period, as required by Section 302. Agency shall pay Best Buy the entire Payment Amount for each Payment Period no later than the date ("Payment Date") which is thirty (30) days after the date on which City and Agency receive information from the State Board of Equalization and/or City's auditor sufficient to enable Agency to determine the exact amount of the Payment Amount owing to Best Buy for that Payment Period, and City has received from the State Board of Equalization City's Portion of Sales Tax Revenues from the Site attributable to that Payment Period. If Agency has insufficient information by the applicable Payment Date to determine the exact Payment Amount owing to Best Buy for that Payment Period, Agency shall make the payment at that time ~~(but no later than thirty [30] days after Best Buy has satisfied its obligations under the first paragraph of Section 301)~~ based on the best information then available to Agency, subject to the adjustment process provided for in Section 303 when additional information becomes available.

b. Each payment to Best Buy shall be accompanied by a written statement from the Agency itemizing how the Payment Amount (or any adjustment to the initial payment, if applicable), was calculated.

c. As used herein, the term **"Sales Tax Revenues from the Site"** shall mean the total sales tax revenues paid by or on behalf of Best Buy pursuant to the Bradley-Burns Uniform Sales and Use Tax Law (Revenue and Taxation Code Section 7200, et seq.) (the **"Sales Tax Law"**), as the Sales Tax Law may be amended from time to time. The **"City Portion of Sales Tax Revenues from the Site"** shall mean the net percentage of Sales Tax Revenues from the Site ultimately remitted by the State Board of Equalization to City, which is currently one percent (1%) of the Sales Tax

Revenues from the Site, the disposition of which is controlled by City under state law. For purposes of this Agreement, the City Portion of Sales Tax Revenues from the Site shall not be considered to have been received by City until the ~~earlier~~-later to occur of (i) thirty (30) days after Best Buy has paid the same or (ii) Agency is able to confirm City's receipt of such revenues from the State Board of Equalization. In this regard, Agency covenants to promptly take any and all actions reasonably necessary to verify City's receipt of the City Portion of Sales Tax Revenues from the Site.

4. Notwithstanding the definition of the "City Portion of Sales Tax Revenues from the Site" set forth above, Agency's maximum obligation to Best Buy over a period of ten (10) years from the Date of this Agreement is \$1,600,000.

B. (§302) Sales Tax Revenue Reports.

On or before thirty (30) days after the end of each calendar quarter during the Payment Period, Best Buy shall submit to Agency a copy or copies of all statements and quarterly reports Best Buy is required to file and has filed with the State Board of Equalization to support Best Buy's calculation of Sales Tax Revenues from the Site for said Payment Period (herein, collectively, the "**Sales Tax Revenue Reports**"); provided, that to the extent any such report contains confidential business information or confidential customer information that is not needed by Agency to calculate or verify the City Portion of Sales Tax Revenues from the Site for the applicable Payment Period Best Buy shall have the right to redact such information from the copy of the report(s) delivered to Agency. On or before thirty (30) days after the end of the calendar or fiscal year, Best Buy shall submit to Agency a copy or copies of all statements and annual reports Best Buy is required to file and has filed with the State Board of Equalization to support Best Buy's calculation of Sales Tax Revenues from the Site for said calendar or fiscal year (herein, collectively, the "**Annual Sales Tax Revenue Reports**"); provided, that to the extent any such report contains confidential business information or confidential customer information that is not needed by Agency to calculate or verify the City Portion of Sales Tax Revenues from the Site for the applicable calendar or fiscal year. Best Buy shall have the right to redact such information from the copy of the report(s) delivered to Agency.

C. (§303) Adjustments to Payment Amounts.

If after Agency makes a payment to Best Buy hereunder Agency determines that it has overpaid Best Buy and that an adjustment to a prior payment amount is warranted, Agency shall have the right to provide a written notice to Best Buy itemizing the information supporting the adjustment and either (1) requiring Best Buy to repay the amount of the overpayment within thirty (30) days from the date such notice is delivered or (2) deduct the amount of the overpayment from the next Payment Amount otherwise owing to Best Buy. The Parties shall cooperate with one another and share such information as may be reasonably required to ensure that any required adjustments (either an additional payment to Best Buy or a refund or credit to Agency) can be promptly made. Within thirty (30) days of Best Buy's submittal of its "Annual Sales Tax Revenue Reports," the Parties shall ~~may make~~ any required adjustments in Agency's payments or Best Buy's refund to Agency as may be required as set forth above. Notwithstanding anything to the contrary herein, Agency hereby waives the right and shall not be entitled to make any claim for an overpayment following the lapse of the ~~lesser of (i) two (2) calendar years after the same shall have been delivered to Best Buy Tenant or (ii) six (6) calendar months following the expiration of Agency's payment obligations under this Agreement.~~

D. (§304) Business and Job Retention Grant

In consideration for Best Buy's undertakings pursuant to this Agreement and Agency's interest in the Site set forth in the Agreement; Agency shall pay Two Hundred Fifty Thousand Dollars (\$250,000) to Best Buy for Business and Job retention purposes, which funds Best Buy agrees to use to fund physical improvements to the building leased from Owner for operation of the Best Buy Store. This Grant is provided pursuant to the execution of the Lease with the Owner, and is based upon Best Buy's continual use of the Site as an active consumer electronics retail store for a minimum term of (5) five years (subject to closures to the public (i) in order to prepare for sales or to take stock of current inventory, provided that the same does not result in the Store being closed to the public for more than three (3) consecutive business days or for more than ten (10) business days in any consecutive twelve (12) month period; (ii) in connection

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with the performance of any construction, modification, alteration, repair or restoration work on the applicable Store, provided that the same is diligently pursued by the applicable entity and does not result in its business being closed to the public for more than ninety (90) days in any consecutive twelve (12) month period; or (iii) as a result of casualty loss, condemnation, or severe weather conditions). Notwithstanding anything to the contrary in this Agreement, Best Buy shall have the right to reduce the leased building area of the Store without being in default of the terms of this Agreement or causing any termination/reduction in the calculation of the Financial Assistance under this Agreement.

E. (§305) Termination of Agency Financial Assistance.

III. Agency's obligation to pay the Agency Financial Assistance to Best Buy shall terminate upon the earliest of the following dates: (i) the end of the tenth (10th) year of the Lease with the Owner; (ii) the end of the term of the Lease and Best Buy's discontinuation of the Store use at and from the Site (and Agency's payment in full of all amounts accrued and owing with respect to all of the full and partial Payment Periods prior to such event or occurrence, subject to liquidated damages as set forth in section 402 below); (iii) the date on which Best Buy defaults in complying with any material provision of this Agreement, subject to liquidated damages as set forth in section 402 below; or (iv) When Agency's total payments to Best Buy have reached the amount of \$1,600,000. Notwithstanding anything to the contrary including the following Section 400, any delay in Best Buy providing the sales tax information required by this Agreement shall merely delay Agency's obligation to make the corresponding Financial Assistance payment and shall neither be a material default nor entitle Agency to terminate this Agreement.

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IV. **IV (§ 400) DEFAULTS REMEDIES, AND TERMINATION**

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A. (§401) Defaults - General.

Subject to the extensions of time set forth in Section 503, failure or delay by a Party to perform any term or provision of this Agreement constitutes a default under this Agreement; provided, however, such Party shall not be deemed to be in default if (i) it

cures, corrects, or remedies such default within fifteen (15) days after receipt of a notice from the other Party specifying such failure or delay or (ii) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such Party commences to cure, correct, or remedy such failure or delay within such time period after receipt of a notice from the other Party specifying such failure or delay, and diligently prosecutes such cure, correction, or remedy to completion. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Copies of any notice of default given to Best Buy shall also be given to any leasehold mortgagee requesting such notice. Except as required to protect against further damages, the injured Party may not institute proceedings against the Party in default until the time for cure, correction, or remedy of a default has expired. Except as otherwise expressly provided in this Agreement, any failure or delay by a Party in giving a notice of default or in asserting any of its rights and remedies as to any default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

B. (§402) Liquidated Damages.

In the event Best Buy commits a material default of any of the provisions of this Agreement, including but not limited to failure to use the Business and Job Retention Grant to fund building improvements for the property leased from Owner, failure to perform the terms of the Lease for the full term of five (5) years, or failure to maintain the Store as an active retail Best Buy Store for a period of at least (5) five years from the execution of this Agreement, then both of the following shall apply:

1. Agency shall have the right to terminate this Agreement and Agency shall have no obligation to make any further Agency Financial Assistance payments to Best Buy; and

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2. Best Buy shall immediately return to Agency as liquidated damages the unamortized amount of the Business and Job Retention Grant based on the amortization of the same on a straight line basis over the five (5) year period following the Effective Date. Best Buy shall have no obligation to refund any Agency Financial Assistance provided by Agency to Best Buy under this Agreement for any period prior to the date of termination of this Agreement.

THE PARTIES AGREE THAT THE AMOUNTS SET FORTH ABOVE CONSITUTE A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT AGENCY WOULD SUFFER DUE TO A DEFAULT BY BEST BUY OF THE TERMS AND CONDITIONS OF THIS AGREEMENT, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE DAMAGE AMOUNTS TO THE RANGE OF HARM TO AGENCY AND ACCOMPLISHMENT OF AGENCY'S PURPOSE IN ENTERING INTO THIS AGREEMENT, THE DIFFICULTY AND IMPRACTICABILITY OF DETERMINING ACTUAL DAMAGES INVOLVING SUCH ISSUES AS THE LOSS OF PUBLIC TAX REVENUES, LOSS OF JOBS IN THE COMMUNITY, AND DELAY IN IMPLEMENTATION OF THE GOALS OF THE REDEVELOPMENT PLAN, AND THAT THE PROOF OF ACTUAL DAMAGES WOULD BE COSTLY AND INCONVENIENT. IN PLACING ITS INITIALS AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO HAS EXPLAINED THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

BEST BUY INITIALS: _____ AGENCY INITIALS: _____

B. (§403) Legal Actions.

3. Institution of Legal Actions.

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain

any other remedy consistent with the purposes of this Agreement. Such legal actions must be instituted and maintained in the Superior Court of the County of Orange, State of California, or in any other appropriate court in that county.

4. Applicable Law.

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The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

5. Acceptance of Service of Process.

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In the event that any legal action is commenced by Best Buy against Agency, service of process on Agency shall be made by personal service upon the Executive Director or Secretary of Agency, or in such other manner as may be provided by law. In the event that any legal action is commenced by Agency against Best Buy, service of process on Best Buy shall be made in any manner as may be provided by law, and shall be valid whether made within or without the State of California.

C. (\$404) Rights and Remedies are Cumulative.

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Except as otherwise expressly stated in this Agreement, including without limitation the liquidated damages remedy set forth in Section 402 herein, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party. Notwithstanding any other provision set forth in this Agreement to the contrary, in no event shall Agency have the right of specific performance or other mandatory injunctive relief to compel Best Buy to operate the Store, and Agency's sole remedy for Best Buy's failure to continuously operate the retail store from the Effective Date until the day prior to the fifth (5th) anniversary of the Effective Date shall be: (i) the termination of this Agreement; (ii) the prospective termination of the Agency Financial Assistance payments, as provided in Section 305 of this Agreement; (iii) the payment of liquidated damages, as provided in Section 402 of this Agreement; and (iv) the payment of litigation expenses, to the extent provided for in Section 405.

D. (§405) Litigation Expenses.

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If either Party to this Agreement is required to initiate or defend litigation in any way connected with this Agreement, the prevailing Party in such litigation, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to recover its reasonable litigation expenses, including without limitation attorney's fees, expert witness fees, and other costs incurred with respect to such litigation. If either Party to this Agreement is required to initiate or defend litigation with a third party because of the violation of any term or provision of this Agreement by the other Party, then the Party so litigating shall be entitled to reasonable litigation expenses from the other Party to this Agreement. All such litigation expenses shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment. Notwithstanding any other provision set forth in this Agreement to the contrary, in no event shall Best Buy's failure to continuously operate the Store from the Commencement Date until the day prior to the fifth (5th) anniversary of the Effective Date be a violation of this Agreement that is a basis for litigation in itself, but rather a basis solely for the remedies set forth in clauses (i) through (iii) of the foregoing Section 404.

VI. (§500) GENERAL PROVISIONS

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A. (§501) Notices, Demands and Communications Between the Parties.

Formal notices, demands, and communications between Agency and Best Buy shall be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to:

To Agency: Westminster Redevelopment Agency
8200 Westminster Blvd.
Westminster, California 92835
Attn: Executive Director

With a copy to: Jones & Mayer
3777 N. Harbor Blvd.

Fullerton, California 92835
Attn: Richard D. Jones, ESQ.

To BEST BUY: Best Buy Stores, L.P.
7601 Penn Ave S
Richfield, MN 55423
Attn: Legal – Real Estate

With a copy to: Robins, Kaplan, Miller & Ciresi
2800 LaSalle Plaza
800 LaSalle Avenue
Minneapolis, MN 55402-2015
Attention: Steven A. Schumeister, Esq.

Notices personally delivered or delivered by document delivery service shall be deemed effective upon receipt. Notices mailed shall be deemed effective at Noon on the second business day following deposit in the United States mail. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as either Party may from time to time designate by mail.

B. (\$502) Nonliability of City and Agency Officials and Employees; Conflicts of Interest.

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No member, official, employee, or contractor of City or Agency shall be personally liable to Best Buy in the event of any default or breach by Agency or for any amount which may become due to Best Buy or on any obligations under the terms of this Agreement. No member, official, employee, or agent of Agency shall have any direct or indirect interest in this Agreement nor participate in any decision relating to this Agreement which is prohibited by law. No director, officer, member, employee, or contractor of Best Buy shall be personally liable to Agency or City in the event of any default or breach by Best Buy or for any amount which may become due or on any obligations under the terms of this Agreement

C. (\$503) Enforced Delay; Extension of Times of Performance.

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In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default where delays or defaults are due to causes beyond the control and without the fault of such Party, including as applicable:

war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions; litigation not involving a default or other tortious or wrongful acts or omissions by the Party claiming an extension of time to perform; inclement weather; inability to secure necessary labor, materials, or tools; acts of the other Party; and acts or the failure to act of City or any other public or governmental agency or entity (except that any act or failure to act of or by Agency shall not excuse performance by Agency). Notwithstanding the foregoing, in no event shall either party's inability to secure satisfactory financing, interest rates, or market or economic conditions entitle such party to an extension of time to perform.

An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of knowledge of the commencement of the cause. If no written notice is sent within thirty (30) days, the enforced delay shall commence to run from the date written notice is sent to the other Party. Times of performance under this Agreement may be extended by mutual written agreement of Agency and Best Buy. The Executive Director of Agency shall have the authority on behalf of Agency to approve extensions of time not to exceed a cumulative total of one hundred eighty (180) days.

D. (\$505) Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement.

E. (\$506) Entire Agreement; Waivers and Amendments.

This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the Parties with respect to all or any part of the subject matter hereof. All waivers of the

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provisions of this Agreement must be in writing and signed by the appropriate authorities of the Party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of Agency and Best Buy.

F. (§507) Consent; Reasonableness.

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Except when this Agreement specifically authorizes a Party to withhold its approval or consent in its sole discretion, when either Agency or Best Buy shall require the consent or approval of the other Party in fulfilling any agreement, covenant, provision, or condition contained in this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed by the Party from whom such consent or approval is sought.

G. (§508) Severability.

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If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the Parties; and the Parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

H. (§510) Authority of Signatories to Bind Principals.

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The persons executing this Agreement on behalf of their respective principals represent that they have been authorized to do so and that they thereby bind the principals to the terms and conditions of this Agreement.

I. (§511) Representations and Warranties.

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Best Buy and Agency and each person executing this Agreement on behalf of the applicable party represent and warrant that: (i) the applicable party has all requisite right, power, legal capacity, and authority to enter into and perform its obligations under this Agreement; (ii) any persons executing this Agreement on behalf of the applicable party are authorized to do so; (iii) the execution of this Agreement by the applicable party does not violate any provision of any other agreement to which the applicable party is a party; and (iv) except as may be specifically set forth in this Agreement, no approvals or consents not heretofore obtained by the applicable party are necessary in connection with the execution of this Agreement by the applicable party or with the performance by the applicable party of its obligations hereunder.

J. (§512) Execution.

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This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

[Signatures to Follow on Next Page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date specified herein.

REDEVELOPMENT AGENCY OF
THE CITY OF WESTMINSTER,
a public body, corporate and politic

By: _____
Executive Director

ATTEST

Secretary

APPROVED AS TO FORM:

Richard D. Jones, Agency Counsel

By: _____
Its: _____

By: _____
Its: _____

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BUSINESS AND JOB RETENTION AGREEMENT

by and between the

**Redevelopment Agency of the
City of Westminster,**
a public body, corporate and politic,

and

Best Buy Stores, L.P.,
a subsidiary of Best Buy Co., Inc.,
dba BEST BUY

BUSINESS AND JOB RETENTION AGREEMENT

THIS BUSINESS AND JOB RETENTION AGREEMENT (the "Agreement") is dated for reference purposes as of the 9th day of June, 2010 and is being entered into by and between the REDEVELOPMENT AGENCY OF THE CITY OF WESTMINSTER, a public body, corporate and politic ("Agency"), and Best Buy Stores, L.P., a subsidiary of Best Buy Co., Inc., dba BEST BUY ("Best Buy"). Agency and Best Buy are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties." The Parties enter into this Agreement with reference to the following recited facts (each a "Recital"):

RECITALS

- A. Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000, et seq.).
- B. The Site is located in Agency's Redevelopment Project Area, Amendment No. 2 (the "Project Area").
- C. Prior to the Effective Date of this Agreement, Best Buy's predecessor in interest entered into a lease (the "Existing Lease") with the predecessor in interest of Krausz FT One, L.P. c/o The Krausz Companies, Inc. ("Owner") to lease from Owner certain real property located at 500 Westminster Mall in the City of Westminster, California ("Site").
- D. Best Buy requires economic development assistance in order to continue to operate a consumer electronics retail store at the Site.
- E. Agency desires to ensure the lease and continued operation of a consumer electronics retail store at the Site in accordance with, and subject to the terms and conditions set forth in this Agreement.

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Based on the foregoing recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration and the promises and covenants of the parties set forth in this Agreement, Agency and Best Buy agree as follows:

I. (§ 100) PURPOSE OF THIS AGREEMENT

A. (§101) Purpose of the Agreement.

This Agreement is intended to effectuate the California Community Redevelopment Law (Health and Safety Code §33000, et seq.) by providing for the rehabilitation of the Best Buy store at the Site to ensure its continued operation as a consumer electronics retail store thereon, and Agency's acquisition of the rights set forth in this Agreement, Best Buy's performance of its obligations set forth in this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City of Westminster ("City") and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements.

II. (§200) DEFINITIONS

The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

A. The term "**Agency**" shall mean the Redevelopment Agency of the City of Westminster, a public body, corporate and politic, having its offices at 8200 Westminster Boulevard, Westminster, California 92683. The term "Agency" as used herein also includes any assignee of, or successor to, the rights, powers, and responsibilities of the Redevelopment Agency of the City of Westminster.

B. The term "**Agency Financial Assistance**" shall have the meaning ascribed in Section 301.

C. The term "**Quarterly Payment Amount**" shall have the meaning ascribed in Section 301.5(a).

D. The term "**City**" shall mean the City of Westminster, a municipal corporation, organized under the laws of the State of California and having its offices at 8200 Westminster Boulevard, Westminster, California 92683. The City is not a party to this Agreement and shall have no rights or obligations hereunder.

E. The term "**City Portion of Sales Tax Revenues from the Site**" shall have the meaning ascribed in Section 301.

F. The term "**Store**" shall mean a consumer electronics retail store ~~located at 500 Westminster Mall in the City of Westminster to be owned~~located and operated on the Site by Best Buy in accordance with the terms and conditions of this Agreement.

G. The term "**Effective Date**" shall mean the date this Agreement is executed by Agency after approval by Agency's Board of Directors at a public meeting.

H. The term "**Best Buy**" shall mean Best Buy Stores, L.P., a subsidiary of Best Buy Co., Inc., dba Best Buy.

I. The term "**Lease**" shall mean that certain lease agreement, or amendment to the Existing Lease, dated as of _____, 2010, entered into by and between Owner and Best Buy, pursuant to which Best Buy is leasing the Site from Owner (or extending the term of the Existing Lease) for a term of at least five years from the Effective Date, in accordance with and subject to the terms and conditions set forth therein.

J. The term "**Payment Date**" shall have the meaning ascribed in Section 301.

K. The "**Payment Period**" shall mean a quarterly calendar period, commencing on the first day of the next full calendar quarter following the ~~Commencement~~Effective Date (i.e., January 1st, April 1st, July 1st, or October 1st).

L. The term "**Project Area**" shall mean Westminster Commercial Redevelopment Project, Amendment No. 2. The exact boundaries of the Project Area are specifically described in the Redevelopment Plan and are made a part hereof as though fully set forth herein.

M. The term "**Sales Tax Law**" shall have the meaning ascribed in Section 301.

N. The term "**Sales Tax Revenue Reports**" shall have the meaning ascribed in Section 302.

O. The term "**Sales Tax Revenues from the Site**" shall have the meaning ascribed in Section 30.

Comment [a1]: Commencement Date is not defined

II. (§300) AGENCY FINANCIAL ASSISTANCE

A. (§301) Agency Financial Assistance.

In consideration for Best Buy's undertakings pursuant to this Agreement and Agency's interest in the Site set forth in the Agreement, Agency shall periodically pay to Best Buy the amounts set forth herein (the "**Financial Assistance**"). Notwithstanding any other provision set forth in this Agreement to the contrary, Agency's obligation to make periodic Financial Assistance payments to Best Buy shall be conditioned and contingent upon Best Buy's satisfaction of all of the following requirements for each Payment Period; ~~with the understanding that~~(a) Best Buy shall have paid and City shall have received the City Portion of Sales Tax Revenues from the Site for the Payment Period in question ~~and this condition shall be satisfied prior to Agency's obligation to make any Financial Assistance payments hereunder; and (b): and During and with respect to each Payment Period as a condition to Agency's obligation to make Financial Assistance payments with respect to that particular Payment Period~~; Best Buy shall have delivered or caused to be delivered to Agency the Sales Tax Revenue Reports required pursuant to Section 302, and any other reasonably required information which is customarily requested by Agency, to enable Agency to verify the amount of the Quarterly Payment Amount for each applicable Payment Period. Notwithstanding anything to the contrary, City shall be deemed to have received the City Portion of Sales Tax Revenues from the Site by the date which is thirty (30) days after Best Buy shall have paid the same.

Comment [a2]: Can we briefly discuss procedure/timing? What is the time lag?

Comment [a3]: I understand that Best Buy currently files quarterly reports but not sure who filed with. If not the agency, is there a way we can arrange to have the quarterly reports simultaneously sent to the Agency so we don't have internal problems remembering to send to the Agency?

Comment [a4]: Can we discuss what this might be because Best Buy has a 3rd party file the sales tax returns quarterly by electronic means and I don't believe we are set up to efficiently provide additional info that we have not been told about up front

1. The Agency Financial Assistance constitutes an indebtedness of Agency within the meaning of the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.).

2. The Agency Financial Assistance shall be payable from any source of funds legally available to Agency. In this regard, it is understood and agreed that the City Portion of Sales Tax Revenues from the Site is being used merely as a measure of the amount of Agency Financial Assistance payments that are periodically owing by Agency to Best Buy, and that Agency does not and legally cannot pledge any portion of the actual City Portion of Sales Tax Revenues from the Site to Best Buy.

3. The Financial Assistance shall be paid to Best Buy for a total of four quarterly Payment Periods annually, or such lesser time as is provided in Section 304. Agency shall pay the Financial Assistance to Best Buy based upon the City Portion of Sales Tax Revenues from the Site in the following amounts and in the following manner: For each quarterly Payment Period, the Agency shall utilize the City Portion of Sales Tax Revenues of the previous quarter from the Site to calculate a payment amount that Agency will be required to pay to Best Buy (the "**Payment Amount**"). For each Payment Period for which Agency is required to make a Financial Assistance payment to Best Buy under this Agreement, the Payment Amount shall be calculated in accordance with the following formula: (i) if the City Portion of total Annual Sales Tax Revenue from the Site is between Zero (0) and Five Hundred Thousand Dollars (\$500,000), the Payment Amount for that Payment Period shall be twenty percent (20%) of that Period's sales tax revenue; and (ii) once the City Portion of total Annual Sales Tax Revenues from the Site exceeds Five Hundred Thousand Dollars (\$500,000), the Payment Amount for that Payment Period shall be twenty percent (20%) of the sales tax revenue on amounts up to Five Hundred Thousand Dollars (\$500,000) annually, plus fifty percent (50%) of the actual City Portion of Sales Tax Revenues from the Site exceeding Five Hundred Thousand Dollars (\$500,000) annually. For example, if the City Portion of Sales Tax Revenues from the Site for a Payment Period is \$500,000, the Payment Amount for that Payment Period shall be \$100,000, unless the Sales Tax Revenues from the Site for that Payment Period, combined with Sales Tax Revenues from the Site for all prior Payment Period in the calendar or fiscal year, causes the total revenue for that calendar or fiscal year to exceed \$500,000, in which case, the payment will be adjusted as set forth above.

The City Portion of Sales Tax Revenues from the Site attributable to a particular Payment Period shall be determined based on Best Buy's taxable sales occurring during that Payment Period, not on the date that the City Portion of Sales Tax Revenues from the Site are ultimately remitted to the City (or the later date that the City and/or Agency are able to verify the receipt and source of those revenues).

Each year there shall be a reconciliation of the City Portion of Sales Tax Revenues from the Site pursuant to the terms of Section 303 of this Agreement.

a. Notwithstanding anything stated herein to the contrary, the Payment Amount shall not be calculated or be due and payable by Agency to Best Buy until the entire Payment Period has ended and Best Buy has delivered to Agency the quarterly Sales Tax Revenue Report covering the entire Payment Period, as required by Section 302. Agency shall pay Best Buy the entire Payment Amount for each Payment Period no later than the date ("Payment Date") which is thirty (30) days after the date on which City and Agency receive information from the State Board of Equalization and/or City's auditor sufficient to enable Agency to determine the exact amount of the Payment Amount owing to Best Buy for that Payment Period, and City has received from the State Board of Equalization City's Portion of Sales Tax Revenues from the Site attributable to that Payment Period. If Agency has insufficient information by the applicable Payment Date to determine the exact Payment Amount owing to Best Buy for that Payment Period, Agency shall make the payment at that time (but no later than thirty [30] days after Best Buy has satisfied its obligations under the first paragraph of Section 301) based on the best information then available to Agency, subject to the adjustment process provided for in Section 303 when additional information becomes available.

Comment [a5]: What if there are delays in the City receiving payments from the state that have nothing to do with Best Buy?

b. Each payment to Best Buy shall be accompanied by a written statement from the Agency itemizing how the Payment Amount (or any adjustment to the initial payment, if applicable), was calculated.

c. As used herein, the term "**Sales Tax Revenues from the Site**" shall mean the total sales tax revenues paid by or on behalf of Best Buy pursuant to the Bradley-Burns Uniform Sales and Use Tax Law (Revenue and Taxation Code Section 7200, et seq.) (the "**Sales Tax Law**"), as the Sales Tax Law may be amended from

time to time. The "**City Portion of Sales Tax Revenues from the Site**" shall mean the net percentage of Sales Tax Revenues from the Site ultimately remitted by the State Board of Equalization to City, which is currently one percent (1%) of the Sales Tax Revenues from the Site, the disposition of which is controlled by City under state law. For purposes of this Agreement, the City Portion of Sales Tax Revenues from the Site shall not be considered to have been received by City until the earlier to occur of (i) thirty (30) days after Best Buy has paid the same or (ii) Agency is able to confirm City's receipt of such revenues from the State Board of Equalization. In this regard, Agency covenants to promptly take any and all actions reasonably necessary to verify City's receipt of the City Portion of Sales Tax Revenues from the Site.

4. Notwithstanding the definition of the "City Portion of Sales Tax Revenues from the Site" set forth above, Agency's maximum obligation to Best Buy over a period of ten (10) years from the Date of this Agreement is \$1,600,000.

B. (§302) Sales Tax Revenue Reports.

On or before thirty (30) days after the end of each calendar quarter during the Payment Period, Best Buy shall submit to Agency a copy or copies of all statements and quarterly reports Best Buy is required to file and has filed with the State Board of Equalization to support Best Buy's calculation of Sales Tax Revenues from the Site for said Payment Period (herein, collectively, the "**Sales Tax Revenue Reports**"); provided, that to the extent any such report contains confidential business information or confidential customer information that is not needed by Agency to calculate or verify the City Portion of Sales Tax Revenues from the Site for the applicable Payment Period Best Buy shall have the right to redact such information from the copy of the report(s) delivered to Agency. On or before thirty (30) days after the end of the calendar or fiscal year, Best Buy shall submit to Agency a copy or copies of all statements and annual reports Best Buy is required to file and has filed with the State Board of Equalization to support Best Buy's calculation of Sales Tax Revenues from the Site for said calendar or fiscal year (herein, collectively, the "**Annual Sales Tax Revenue Reports**"); provided, that to the extent any such report contains confidential business information or confidential customer information that is not needed by Agency to calculate or verify the

Comment [a6]: Same comment as Section 301 as to simultaneous submission process

City Portion of Sales Tax Revenues from the Site for the applicable calendar or fiscal year. Best Buy shall have the right to redact such information from the copy of the report(s) delivered to Agency.

C. (§303) Adjustments to Payment Amounts.

If after Agency makes a payment to Best Buy hereunder Agency determines that it has overpaid Best Buy and that an adjustment to a prior payment amount is warranted, Agency shall have the right to provide a written notice to Best Buy itemizing the information supporting the adjustment and either (1) requiring Best Buy to repay the amount of the overpayment within thirty (30) days from the date such notice is delivered or (2) deduct the amount of the overpayment from the next Payment Amount otherwise owing to Best Buy. The Parties shall cooperate with one another and share such information as may be reasonably required to ensure that any required adjustments (either an additional payment to Best Buy or a refund or credit to Agency) can be promptly made. Within thirty (30) days of Best Buy's submittal of its "Annual Sales Tax Revenue Reports," the Parties shall may any required adjustments in Agency's payments or Best Buy's refund to Agency as may be required as set forth above. Notwithstanding anything to the contrary herein, Agency hereby waives the right and shall not be entitled to make any claim for an overpayment following the lapse of the lesser of (i) two (2) calendar years after the same shall have been delivered to Tenant or (ii) six (6) calendar months following the expiration of Agency's payment obligations under this Agreement.

D. (§304) Business and Job Retention Grant

In consideration for Best Buy's undertakings pursuant to this Agreement and Agency's interest in the Site set forth in the Agreement; Agency shall pay Two Hundred Fifty Thousand Dollars (\$250,000) to Best Buy for Business and Job retention purposes, which funds Best Buy agrees to use to fund physical improvements to the building leased from Owner for operation of the Best Buy sStore. This Grant is provided pursuant to the execution of the Lease with the Owner, and is ~~contingent~~based upon Best Buy's continual use of the sSite as an active consumer electronics retail store for a

minimum term of (5) five years (subject to closures to the public (i) in order to prepare for sales or to take stock of current inventory, provided that the same does not result in the Store being closed to the public for more than three (3) consecutive business days or for more than ten (10) business days in any consecutive twelve (12) month period; (ii) in connection with the performance of any construction, modification, alteration, repair or restoration work on the applicable Store, provided that the same is diligently pursued by the applicable entity and does not result in its business being closed to the public for more than ninety (90) days in any consecutive twelve (12) month period; or (iii) as a result of casualty loss, condemnation, or severe weather conditions). Notwithstanding anything to the contrary in this Agreement, Best Buy shall have the right to reduce the leased building area of the Store without being in default of the terms of this Agreement or causing any termination/reduction in the calculation of the Financial Assistance under this Agreement.

E. (§305) Termination of Agency Financial Assistance.

Agency's obligation to pay the Agency Financial Assistance to Best Buy shall terminate upon the earliest of the following dates: (i) the end of the tenth (10th) year of the lLease with the eOwner; (ii) the end of the term of the Lease and Best Buy's discontinuation of the sStore use at and from the Site (and Agency's payment in full of all amounts accrued and owing with respect to all of the full and partial Payment Periods prior to such event or occurrence, subject to liquidated damages as set forth in section 402 below); (iii) the date on which Best Buy defaults in complying with any material provision of this Agreement, subject to liquidated damages as set forth in section 402 below; or (iv) When Agency's total payments to Best Buy have reached the amount of \$1,600,000. Notwithstanding anything to the contrary including the following Section 400, any delay in Best Buy providing the sales tax information required by this Agreement shall merely delay Agency's obligation to make the corresponding Financial Assistance payment and shall neither be a material default nor entitle Agency to terminate this Agreement.

III. V. (§ 400) DEFAULTS REMEDIES, AND TERMINATION

A. (§401) Defaults - General.

Subject to the extensions of time set forth in Section 503, failure or delay by a Party to perform any term or provision of this Agreement constitutes a default under this Agreement; provided, however, such Party shall not be deemed to be in default if (i) it cures, corrects, or remedies such default within ~~thirty~~thirty-five (30~~15~~15) days after receipt of a notice from the other Party specifying such failure or delay or (ii) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such Party commences to cure, correct, or remedy such failure or delay within such time period after receipt of a notice from the other Party specifying such failure or delay, and diligently prosecutes such cure, correction, or remedy to completion. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Copies of any notice of default given to Best Buy shall also be given to any leasehold mortgagee requesting such notice. Except as required to protect against further damages, the injured Party may not institute proceedings against the Party in default until the time for cure, correction, or remedy of a default has expired. Except as otherwise expressly provided in this Agreement, any failure or delay by a Party in giving a notice of default or in asserting any of its rights and remedies as to any default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

B. (§402) Liquidated Damages.

In the event Best Buy commits a material default of any of the provisions of this Agreement, including but not limited to failure to use the Business and Job Retention Grant to fund building improvements for the property leased from Owner, failure to perform the terms of the Lease for the full term of five (5) years, or failure to maintain the Store as an active retail Best Buy Store for a period of at least (5) five years from the execution of this Agreement, then both of the following shall apply:

1. Agency shall have the right to terminate this Agreement and Agency shall have no obligation to make any further Agency Financial Assistance payments to Best Buy; and
2. Best Buy shall immediately return to Agency as liquidated damages the ~~full~~unamortized amount of the Business and Job Retention Grant based on the amortization of the same on a straight line basis over the five (5) year period following the Effective Date. and Best Buy shall have no obligation to refund any Agency Financial Assistance provided by Agency to Best Buy under this Agreement for any period prior tothrough the date of termination of this Agreement.

THE PARTIES AGREE THAT THE AMOUNTS SET FORTH ABOVE CONSITUTE A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT AGENCY WOULD SUFFER DUE TO A DEFAULT BY BEST BUY OF THE TERMS AND CONDITIONS OF THIS AGREEMENT, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF THE DAMAGE AMOUNTS TO THE RANGE OF HARM TO AGENCY AND ACCOMPLISHMENT OF AGENCY'S PURPOSE IN ENTERING INTO THIS AGREEMENT, THE DIFFICULTY AND IMPRACTICABILITY OF DETERMINING ACTUAL DAMAGES INVOLVING SUCH ISSUES AS THE LOSS OF PUBLIC TAX REVENUES, LOSS OF JOBS IN THE COMMUNITY, AND DELAY IN IMPLEMENTATION OF THE GOALS OF THE REDEVELOPMENT PLAN, AND THAT THE PROOF OF ACTUAL DAMAGES WOULD BE COSTLY AND INCONVENIENT. IN PLACING ITS INITIALS AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO HAS EXPLAINED THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

BEST BUY INITIALS: _____ AGENCY INITIALS: _____

B. (§403) Legal Actions.

3. Institution of Legal Actions.

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Such legal actions must be instituted and maintained in the Superior Court of the County of Orange, State of California, or in any other appropriate court in that county.

4. Applicable Law.

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

5. Acceptance of Service of Process.

In the event that any legal action is commenced by Best Buy against Agency, service of process on Agency shall be made by personal service upon the Executive Director or Secretary of Agency, or in such other manner as may be provided by law. In the event that any legal action is commenced by Agency against Best Buy, service of process on Best Buy shall be made in any manner as may be provided by law, and shall be valid whether made within or without the State of California.

C. (§404) Rights and Remedies are Cumulative.

Except as otherwise expressly stated in this Agreement, including without limitation the liquidated damages remedy set forth in Section 402 herein, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party. Notwithstanding any other provision set forth in this Agreement to the contrary, in no event shall Agency have the right of specific performance or other mandatory injunctive relief to compel Best Buy to operate the Store, and Agency's sole remedy for Best Buy's failure to continuously operate the retail store from the CommencementEffective Date until the Terminationday prior to the fifth (5th) anniversary of the Effective Date shall be: (i) the termination of this Agreement; (ii) the prospective termination of the Agency Financial Assistance payments, as provided in Section 305 of this Agreement; (iii) the payment of liquidated damages, as provided in Section 402 of this Agreement; and (iv) the payment of litigation expenses, asto the extent provided for in Section 405.

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D. (§405) Litigation Expenses.

If either Party to this Agreement is required to initiate or defend litigation in any way connected with this Agreement, the prevailing Party in such litigation, in addition to

any other relief which may be granted, whether legal or equitable, shall be entitled to recover its reasonable litigation expenses, including without limitation attorney's fees, expert witness fees, and other costs incurred with respect to such litigation. If either Party to this Agreement is required to initiate or defend litigation with a third party because of the violation of any term or provision of this Agreement by the other Party, then the Party so litigating shall be entitled to reasonable litigation expenses from the other Party to this Agreement. All such litigation expenses shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment. Notwithstanding any other provision set forth in this Agreement to the contrary, in no event shall Best Buy's failure to continuously operate the Store from the Commencement Date until the day prior to the fifth (5th) anniversary of the Effective Date be a violation of this Agreement that is a basis for litigation in itself, but rather a basis solely for the remedies set forth in clauses (i) through (iii) of the foregoing Section 404.

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VI. (§500) GENERAL PROVISIONS

A. (§501) Notices, Demands and Communications Between the Parties.

Formal notices, demands, and communications between Agency and Best Buy shall be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to:

To Agency: Westminster Redevelopment Agency
8200 Westminster Blvd.
Westminster, California 92835
Attn: Executive Director

With a copy to: Jones & Mayer
3777 N. Harbor Blvd.
Fullerton, California 92835
Attn: Richard D. Jones, ESQ.

To BEST BUY: Best Buy Stores, L.P.
7601 Penn Ave S

Richfield, MN 55423
Attn: Legal – Real Estate

With a copy to:

Robins, Kaplan, Miller & Ciresi
2800 LaSalle Plaza
800 LaSalle Avenue
Minneapolis, MN 55402-2015
Attention: Steven A. Schumeister, Esq.

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Notices personally delivered or delivered by document delivery service shall be deemed effective upon receipt. Notices mailed shall be deemed effective at Noon on the second business day following deposit in the United States mail. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as either Party may from time to time designate by mail.

B. (§502) Nonliability of City and Agency Officials and Employees; Conflicts of Interest.

No member, official, employee, or contractor of City or Agency shall be personally liable to Best Buy in the event of any default or breach by Agency or for any amount which may become due to Best Buy or on any obligations under the terms of this Agreement. No member, official, employee, or agent of Agency shall have any direct or indirect interest in this Agreement nor participate in any decision relating to this Agreement which is prohibited by law. No director, officer, member, employee, or contractor of Best Buy shall be personally liable to Agency or City in the event of any default or breach by Best Buy or for any amount which may become due or on any obligations under the terms of this Agreement

C. (§503) Enforced Delay; Extension of Times of Performance.

In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default where delays or defaults are due to causes beyond the control and without the fault of such Party, including as applicable: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions ~~or priority~~; litigation

not involving a default or other tortious or wrongful acts or omissions by the Party claiming an extension of time to perform; inclement weather; inability to secure necessary labor, materials, or tools; acts of the other Party; and acts or the failure to act of City or any other public or governmental agency or entity (except that any act or failure to act of or by Agency shall not excuse performance by Agency). Notwithstanding the foregoing, in no event shall ~~Best Buy's~~either party's inability to secure satisfactory financing, interest rates, or market or economic conditions entitle ~~Best Buy~~such party to an extension of time to perform.

An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of knowledge of the commencement of the cause. If no written notice is sent within thirty (30) days, the enforced delay shall commence to run from the date written notice is sent to the other Party. Times of performance under this Agreement may be extended by mutual written agreement of Agency and Best Buy. The Executive Director of Agency shall have the authority on behalf of Agency to approve extensions of time not to exceed a cumulative total of one hundred eighty (180) days.

D. (§505) Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement.

E. (§506) Entire Agreement; Waivers and Amendments.

This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the Parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate

authorities of the Party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of Agency and Best Buy.

F. (§507) Consent; Reasonableness.

Except when this Agreement specifically authorizes a Party to withhold its approval or consent in its sole discretion, when either Agency or Best Buy shall require the consent or approval of the other Party in fulfilling any agreement, covenant, provision, or condition contained in this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed by the Party from whom such consent or approval is sought.

G. (§508) Severability.

If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the Parties; and the Parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

H. (§510) Authority of Signatories to Bind Principals.

The persons executing this Agreement on behalf of their respective principals represent that they have been authorized to do so and that they thereby bind the principals to the terms and conditions of this Agreement.

I. (§511) Representations and Warranties.

Best Buy and Agency and each person executing this Agreement on behalf of Best Buy the applicable party represent and warrant that: (i) Best Buy the applicable

party has all requisite right, power, legal capacity, and authority to enter into and perform its obligations under this Agreement; (ii) any persons executing this Agreement on behalf of ~~Best-Buy~~the applicable party are authorized to do so; (iii) the execution of this Agreement by ~~Best-Buy~~the applicable party does not violate any provision of any other agreement to which ~~Best-Buy~~the applicable party is a party; and (iv) except as may be specifically set forth in this Agreement, no approvals or consents not heretofore obtained by ~~Best-Buy~~the applicable party are necessary in connection with the execution of this Agreement by ~~Best-Buy~~the applicable party or with the performance by ~~Best-Buy~~the applicable party of its obligations hereunder.

J. (§512) Execution.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

[Signatures to Follow on Next Page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date specified herein.

REDEVELOPMENT AGENCY OF
THE CITY OF WESTMINSTER,
a public body, corporate and politic

By: _____
Executive Director

ATTEST

Secretary

APPROVED AS TO FORM:

Richard D. Jones, Agency Counsel

By: _____
Its: _____

By: _____
Its: _____

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AGENDA REPORT

Meeting Date: 09/28/2011

Westminster Redevelopment Agency

To: Honorable Agency Chair and Board Members
Thru: Mitch Waller, Executive Director
From: Chet Simmons, Assistant to the City Manager
Reviewed by: Erin Backs, Financial Services Manager
Prepared by: Chet Simmons, Assistant to the City Manager

SUBJECT: Appropriation for the Business and Job Retention Agreement between the Westminster Redevelopment Agency and Best Buy Stores, L.P.

RECOMMENDED ACTION/MOTION:

Staff recommends that the Agency Chair and Board Members:

- A) Approve a budget transfer of \$165,000 from the Redevelopment Operating Fund Contingency to the Redevelopment Administration Contractual – Other Fund; and
- B) Authorize the Executive Director to disburse the required assistance payments as stipulated within the Agency Board approved Business and Job Retention Agreement.

BACKGROUND/DISCUSSION:

In April of 2010, the Westminster Redevelopment Agency was approached by representatives of Best Buy, LP. concerning their inability to continue operations at their store located at the Westminster Mall. With the drop in productivity and revenue due, to the economic climate, Best Buy, LP. had begun to evaluate individual stores based on their ability to adapt to the companies' new smaller store business model. With the Westminster location's 50,000 square feet of retail area, the store was 20,000 square feet over the new model threshold and was slated to be relocated to a smaller location in another City.

A closure of the Westminster Best Buy would have represented a significant loss of annual sales tax revenue, as well as a considerable number of jobs. On direction from the Board,

staff began to work on formulating a plan for a public private partnership to ensure Best Buy's continue operation within the City of Westminster. In June of 2010, the Chair and Agency Board approved a Business and Job Retention Agreement between the Westminster Redevelopment Agency and Best Buy Stores, LP.

The Business and Job Retention Agreement contained the following provisions:

1. A dedicated grant of \$250,000 to assist with the upgrading of the facility to new green and energy efficiency standards. These improvements were aimed at making the facility as efficient as possible in order to cut down on operational cost of the building and shrink the building's energy footprint. This funding was available through the Redevelopment Agency's Commercial Improvement Program and did not require an additional appropriation.
2. A Sales Tax Incentive Agreement in which the Agency would incentivizes Best Buy Corporation to place more focus on Westminster location as a primary Best Buy location in Orange County by agreeing to rebate a portion of the sales tax that the store was able to generate. The amount of this Sales Tax Incentive Agreement is limited to \$1,350,000 over the 10 year life of the Agreement.

In January of 2011, Governor Brown announced his budget plan to fix the California State Budget by dissolving all redevelopment agencies and using these local funds to bridge the State's budget deficit. While the constitutionality of this proposal has still to be answered by the California Supreme Court, the Agency Board directed staff to begin working on ways to protect Redevelopment Agency funds. One such avenue that the Agency Board approved was shifting of the funding of already approved projects to be paid for out of future tax increment, thus allowing current funding to be available for new projects. The Board's foresight on this matter allowed the Agency staff to safe guard over \$44,000,000 in local funding.

As the original appropriation for the already approved Business and Job Retention Agreement between the Westminster Redevelopment Agency and Best Buy Store, LP. was one of the contracts identified to be funded out of future tax increment, staff is recommending that the Agency Board re-appropriate the needed funds to fulfill the contractual obligations under the Agreement.

FISCAL IMPACT:

Funding the Agreement would require a budget transfer from Fiscal Year 2011-12 Redevelopment Operating Fund Contingency (Account No. 18000-60904) to the Redevelopment Administration Contractual – Other Fund (Account No. 18000-43090) in the amount of \$165,000. Future allocations will be budgeted as part of the annual budget process.

ATTACHMENTS:

Agreement